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A STUDY OF SMALL RETAIL AND SERVICES FIRMS IN THE CITY OF EDMONTON AND THE COMMUNITIES OF SHERWOOD PARK AND SPRUCE GROVE

BY ©

AMY SUAN CHOO GAY

A Thesis

submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Master of Arts.

DEPARTMENT OF GEOGRAPHY

EDMONTON, ALBERTA

SPRING 1993

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FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled A STUDY OF SMALL RETAIL AND SERVICES FIRMS IN THE CITY OF EDMONTON AND THE COMMUNTIES OF SHERWOOD PARK AND SPRUCE GROVE submitted by AMY SUAN CHOO GAY in partial fulfillment of the requirements for the degree of MASTER OF ARTS.

R G Ironside

DR. R. G. IRONSIDE (Supervisor)

N R Seifried

DR. N. R. SEIFRIED

Greenwood

DR. R. GREENWOOD

Date: 1 Feb '93

DEDICATION

This work is dedicated to my parents, for their years of support, especially in my decision to pursue my education in Canada, and to my Lord, Jesus Christ, for His unfailing love. To God be the Glory!

ABSTRACT

The overall purpose of this study is to examine small business activity in the retail and services sectors in the city of Edmonton and the communities of Sherwood Park and Spruce Grove. This was achieved by first, examining the change in the number of small retail and services firms in the study areas through times of expansion and recession, between 1982 and 1989. Second, by obtaining current information on the characteristics of existing retail and services firms in the study areas through a survey.

The population of small retail and services firms was examined over the last decade (1982-1989) by reviewing annual directories published by a private company called VIP Marketing Inc.. A mail administered survey was conducted and a list of research hypotheses, based on previous studies, was examined under the following headings: employment, locational factors, entrepreneur characteristics, financial sources, counselling and advice and government involvement.

The study revealed that services firms, during periods of recession, seem to be affected more quickly and severely compared to the retail sector.Yet during periods of expansion, the service sector seem to demonstrate greater growth and recovery.There are two reasons why the service sector is more sensitive to economic changes. The service sector is dominated by independent firms and therefore more susceptible to closure than national retail chains. Also structural downsizing in corporate Canada and technological improvements may have encouraged the growth of service small businesses.

The survey revealed that most small firms were independently owned and operated and the firms were employing less than ten full-time employees. The smaller firms were inclined to employ females (full-time and part-time), while larger firms employed male full-timers, even though females were still preferred for part-time

work. Generally, the employees were highly-skilled, however, the majority of semi-skilled workers were females.The firms also tended to create 1-5 jobs most frequently in the first and second year of establishment. The majority of the small firms were involved mainly in the Edmonton regional market. The survey also revealed that the most important locational factor was a*ccessibility to customers*. Most of the small businesses did not have positive attitudes toward the government. They rated the *Goods and Services Tax (GST)* and *politicians' attitude to small business* as an extreme hindrance.

The results of the study indicate small firms, in several aspects, have made positive contributions to employment. Many firms employed highly-skilled full-timers. Furthermore, they created jobs in their first and second year of establishment. But, the study also revealed that the firms were employing more females, especially for part-time work. Second, even though there were many firms employing full-timers, there was a substantial number involved in part-time employment. Third, females dominated the semi-skilled workforce. The study revealed that the two sectors still rely on part-timers, which are mostly, female and semi-skilled.The wider economic implication for job creation and employment viability may be undermined by the quality of jobs offered.

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TABLE OF CONTENTS

CHAPTER PAGE

1.0 INTRODUCTION.. 1

  1.1 Overview of Study.. 2

    1.1.1 Study Area 3

    1.1.2 Nature and Definition of Small Business.............. 4

    1.1.3 Importance of Small Business to the Economy....... 9

  1.2 Objectives of Study... 12

  1.3 General Approach and Methodologies.......................... 14

2.0 REVIEW OF LITERATURE AND RESEARCH ISSUES............ 16

  2.1 Importance of Services in the Economy........................ 17

    2.1.1 Definition and Nature of Services...................... 18

    2.1.2 Reasons for the Expansion of Services............... 19

    2.1.3 Effects of Services on Employment.................... 22

  2.2 Growth of Small Business... 24

    2.2.1 Small Business Employment............................ 25
      A. Job Generation by Firm Size....................... 26
      B. Job Generation by Age.............................. 27
      C. Job Composition..................................... 28

    2.2.2 Locational Factors.. 30

    2.2.3 Entrepreneurial Characteristics.......................... 38

    2.2.4 Financial Sources... 40

    2.2.5 Counselling and Programmes............................ 41

    2.3 List of Research Hypotheses............................... 41

    2.3.1.Employment... 41

    2.3.2 Locational Factors.. 42

        2.3.3 Entrepreneurial Characteristics........................... 42
        2.3.4 Financial Sources.. 43
        2.3.5 Counselling and Programmes............................ 44

3.0 METHODOLOGY... 45
    3.1 Methodology (Directories).. 45
        3.1.1 Organization of Directories............................... 45
    3.2 Methodology (Survey)... 46
        3.2.1 Sampling Population..................................... 46
        3.2.2 Sampling Procedures and Outcomes.................... 47
        3.2.3 Questionnaire and Data Collection....................... 51
        3.2.4 Statistical Procedures...................................... 53

4.0 RESULTS AND ANALYSIS... 55
    4.1 Recessionary Influences in the Eighties........................... 55
    4.2 Population of Small Retail and Services Firms.................. 57
        4.2.1 Population Change in Firms (Excluding New)....... 58
        4.2.2 Population Change in New Firms...................... 61
    4.3 Results and Analysis of Survey.................................... 64
        4.3.1 Firm Characteristics...................................... 64
            A. Location... 64
            B. Sectoral Distribution................................ 65
            C. Firm Type... 67
            D. Year of Establishment................................ 68
            E. Mobility... 69
            F. Revenue... 70
            G.Summary.. 70

4.3.2 Employment... 71
- A. Full-time Employment............................. 71
- B. Part-time Employment.............................. 72
- C. Full-time Male and Female Employment.......... 73
- D. Part-time Male and Female Employment.......... 73
- E. Skill Level of Male and Female Workforce........ 76
- F. Job Changes during the First to Tenth Year of Establishment.. 79
- G. Employment in the Retail and Services Sectors.. 83
- H. Type of Employee Training........................ 84
- I. Summary.. 85

4.3.3 Product Information and Quality........................ 87
- A. New Product / Service.............................. 87
- B. Quality of Product / Service........................ 87
- C. Summary... 88

4.3.4 Market Orientation 88
- A. Edmonton Firms....................................... 89
- B. Sherwood Park andSpruce Grove Firms.......... 91
- C. Market Orientation of Retail and Services Firms.. 92
- D. Export Barriers.. 92
- E. Sub-contracting Sales.............................. 93
- F. Summary... 93

4.3.5 Locational Factors.. 94
- A. Rating of Factors..................................... 94
- B. Ranking of Factors.................................. 96
- C. Location Decision and Market Analysis........... 102
- D. Summary... 103

4.3.6 Entrepreneur Information................................ 104
- A. Travelling Time....................................... 104
- B. Sex Distribution...................................... 105
- C. Age Distribution...................................... 105
- D. Education Attainment................................ 106
- E. Number of Previous Jobs Held...................... 107

F. Work Experience.................................... 108
G. Reason for Leaving Previous Employment....... 109
H. Reason for Establishing Business.................. 109
I. Source of Start-up Funding.......................... 110
J. Business PLanning.................................. 111
K. Counselling and Advice............................ 111
L. Summary... 112

4.3.7 Government Involvment................................ 112
A. Information Assistance.............................. 113
B. Financial Assistance................................. 113
C. Government Level of Involvment................ 114
D. Government Constraints and Problems........... 115
E. Summary... 116

5.0 SUMMARY AND CONCLUSIONS...................................... 118
5.1 Population Summary.. 118
5.2 Survey Summary... 119
5.2.1 Firm Characteristics.. 119
5.2.2 Employment... 119
5.2.3 Product Information and Quality........................ 121
5.2.4 Market Orientation.. 122
5.2.5 Locational Factors.. 122
5.2.6 Entrepreneur Information................................ 123
5.2.7 Government Involvment................................ 123
5.3 Conclusions.. 124

BIBLIOGRAPHY... 129

APPENDIX 1 Questionnaire.. 138

APPENDIX 2 Population of Small Retail and Service Firms (1982-89)... 150

APPENDIX 3 Review of Government Assistance: Agencies and Programmes... 157

APPENDIX 4 Calculations for chi-square test.................................. 177

LIST OF TABLES

PAGE

Table 1. City of Edmonton Total Active Businesses by Sector, 1990........ 13

Table 2. Labour Force by Industry for Canada from 1951 to 1986 Censuses........ 18

Table 3. Part-time Employment (Edmonton C.M.A.)........ 30

Table 4. Change in the Number of Older Retail and Services Firms between 1982 and 1989........ 58

Table 5. Change in the Number of New Retail and Services Firms between 1982 and 1989........ 61

Table 6. Employment in the Retail and Services sectors........ 84

Table 7. Distribution of the Number of Respondent Firms' Involved in the following Markets........ 89

Table 8. Market Orientation of the Retail and Services sector........ 92

Table 9. The Number of Firms Responding to the Importance of the Locational Factors........ 95

Table 10.Ranking of Locational Factors........ 97

Table 11.Responses for the Five Highest Ranked Factors........ 98

Table 12.Responses to the Five Least Important Factors........ 98

Table 13.Responses to the Proximity of Competitors........ 101

Table 14.Responses to Government Constraints / Problems affecting Success and Expansion of Firms........ 115

Table 15.Tests of Research Hypotheses........ 120

Table 16. Self-Employed Average Actual Hours and Annual Earnings by Industry, Canada, 1986........ 125

LIST OF FIGURES

PAGE

Figure 1. The City of Edmonton and Surrounding Communities............. 5

Figure 2. Distribution of Sample in the Three Study Areas.................... 65

Figure 3. The Number of Retail Respondent Firms............................ 66

Figure 4. The Number of Services Respondent Firms........................ 67

Figure 5. Distribution by Firm Type.. 67

Figure 6. Distribution of the Year of Establishment............................ 69

Figure 7. Distribution of the Number of Relocations.......................... 69

Figure 8. Distribution of Firms' Annual Revenues............................. 70

Figure 9. Distribution of Part-time and Full-time Employment................ 72

Figure 10. Distribution of Male and Female Full-time Employees............ 73

Figure 11. Distribution of Male and Female Part-time Employees............ 74

Figure 12. Distribution of Highly-skilled Employees.......................... 76

Figure 13. Distribution of Semi-skilled Employees............................ 77

Figure 14. Distribution of Unskilled Employees............................... 77

Figure 15. Full-time Employment Change over the First Ten Years......... 79

Figure 16. Part-time Employment Change over the First Ten Years......... 81

Figure 17. Distribution of Formal and On-the-job Training................... 85

Figure 18. Total Unit Sales (%) in Edmonton.................................. 90

Figure 19. Total Unit Sales (%) in Surrounding Communities............... 90

Figure 20. Total Unit Sales (%) in Alberta..................................... 91

Figure 21. Total Unit Sales (%) in Canada..................................... 91

Figure 22. Distribution of the Entrepreneurs' Travelling Time................ 104

Figure 23. Distribution of the Age Groups of the Entrepreneurs............. 105

Figure 24. Educational Levels of the Entrepreneurs........................... 107

Figure 25. The Number of Previous Jobs Held.................................. 107

Figure 26. Level of Government Involvment.................................... 114

CHAPTER 1.

INTRODUCTION

Entrepreneurship is a vital ingredient in an economy's development. This has long been recognised by Schumpeter (1934), who attributed the growth of the industrialized world to the activities of the entrepreneur. Moreover, the entrepreneur is considered a major force of new firm creation (Binks and Coyne, 1983). Therefore, attention should be given to the economic environment, which may promote or deter entrepreneurial opportunities, as well as observing how individuals react to this environment.

There are two aspects of new firm formation attributed to entrepreneurial activities that should be noted. First, the new firm is almost invariably very small (by any useful criterion of size). Second, new small firms are an important source of future large firms, though undoubtedly, many firms never leave the small business sector for reasons of choice, optimality and ease of management. Therefore, the viability and potential of the small business sector should not be ignored.

In past decades, recognition and research of the small business sector has been minimal. In recent years, however, small businesses are looked upon as an essential component in every country's economy. Throughout the last two decades, there has been a growing awareness of the important social and economic contributions of the entrepreneur and the small business sector towards the growth of the economy. This has been apparent in both the developed as well as the developing economies of the world (Neck and Nelson, 1987; Loucks, 1988).

Government programmes and policies, in the past, have been preoccupied with the growth of large enterprises especially in the developed economies. It was only in the past two decades that the small firm has become increasingly recognized for its importance, particularly, in the creation of jobs (Birch,1979; Cross,1981; Storey, 1982). It is, therefore, the potential for employment generation and job composition of the small business sector which constitutes the principle focus of this study.

1.1 Overview of Study

The rationale for this research is based on the assumption that small business activity contributes to the local economy through employment generation (see Section 2.2.1). Given the importance of small businesses as generators of employment growth and the special significance of small businesses to the economy of the metropolitan Edmonton region, it is important to learn the characteristics of small businesses, such as the type of employment generated and their market orientation. The study , therefore, intends to examine the quality of jobs and the viability of the small retail and services sector. In addition, the survey will obtain information on entrepreneurs, such as their locational preferences, previous work experience, the motivations for starting a small business and their opinions on government involvment. These information will assist in understanding the people behind the businesses which, in turn, may help to outline the needs of this sector.

The overall purpose of this study is, therefore, to examine small business activity in the retail and services sectors in the city of Edmonton and the communities of Sherwood Park and Spruce Grove to understand their contribution to employment, their location preferences, the characteristics of the entrepreneurs and their general attitudes towards government influences.

1.1.1 Study Area

The areas studied are located in the metropolitan Edmonton region, namely, the city of Edmonton, the city of Spruce Grove and the community (hamlet) of Sherwood Park. Spruce Grove and Sherwood Park were selected for this study because of the availability of well-documented directories of their small retail and service businesses compiled by established economic departments.

In 1989, the metropolitan Edmonton region had a total of approximately 775,354 persons (Alberta Economic Development and Trade, 1989). The metropolitan Edmonton region consists of Edmonton proper, the cities of Fort Saskatchewan, Leduc, Spruce Grove, Stony Plain, St. Albert, the towns of Bon Accord, Beaumont, Calmar, Devon, Gibbons, Morinville, Redwater, the village of Legal as well as the rural municipalities of the counties of Strathcona, Parkland, Leduc and the municipal district of Sturgeon (Figure 1).

The city of Edmonton is the capital of Alberta and the fifth largest city in Canada. In 1990, it had a population of approximately 605,538 (City of Edmonton, 1990). Edmonton is located at the geographic centre of Alberta and Western Canada, which proves to be advantageous in terms of serving the regions of central and northern Alberta, the Northwest Territories, the Yukon, northern British Columbia and northwestern Saskatchewan. Since the discovery of oil at Leduc in 1947, Edmonton has developed its economic base through the processing of oil and natural gas in the petrochemical industry, manufacturing, transportation, construction and services industries (Edmonton Economic Development Authority, 1991).

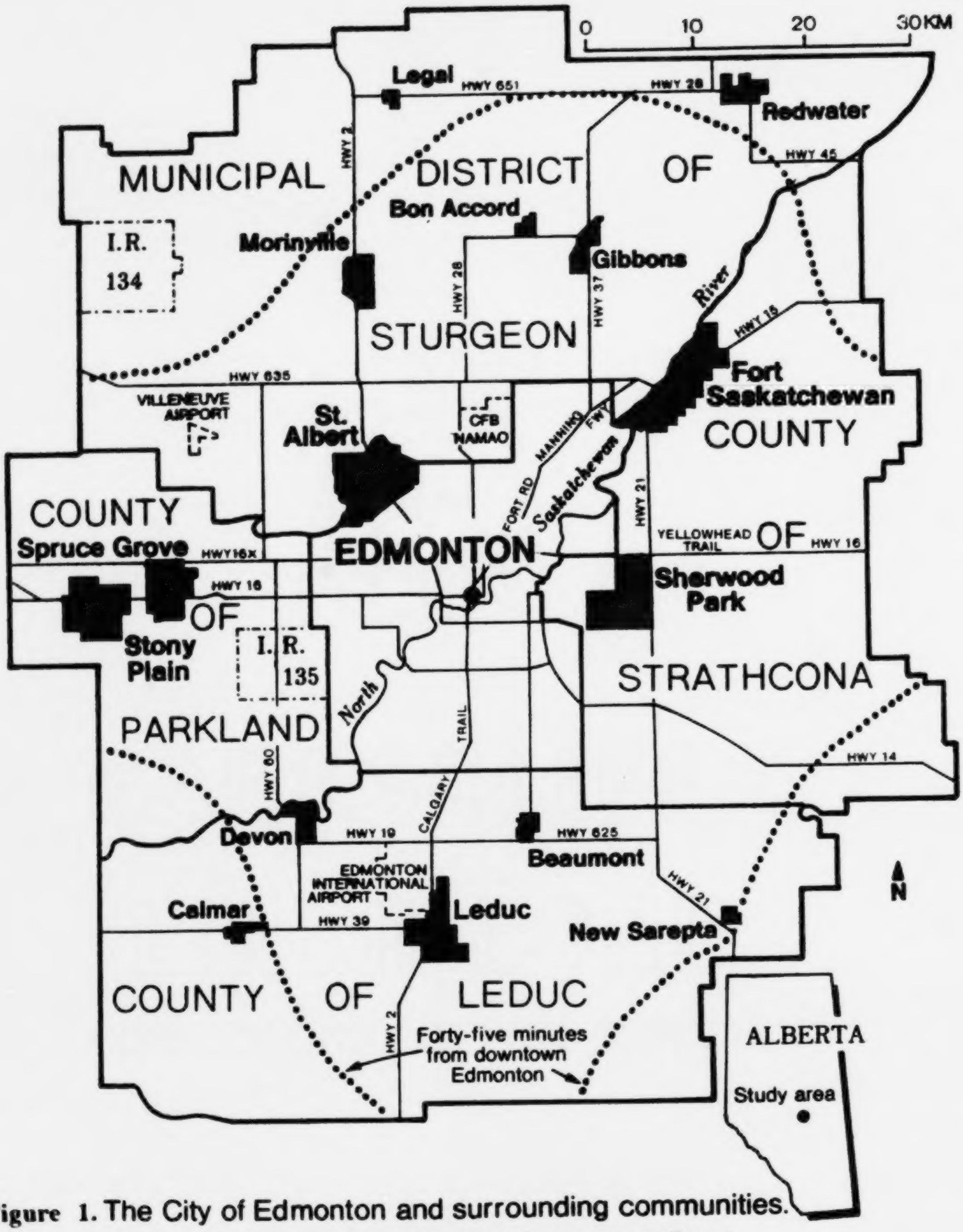
The urbanization of the city of Edmonton and its immediate areas has continued for several years at a significant pace (Alberta Economic Development and Trade, 1989). The city of Spruce Grove located in the county of Parkland with a 1990 population of 12,403, is located 12 kilometres to the west of the city of Edmonton and lies between Highway 16 and Yellowhead Trail. It is Alberta's seventeenth largest municipality overall and also ranks as the eleventh largest urban community in the province. The community of Spruce Grove was considered because of its mid-sized population base (10,000 to 15,000 persons).

The county of Strathcona with a population of 53,562, contains the province's largest unincorporated hamlet of Sherwood Park which is located immediately adjacent to the east of Edmonton. Sherwood Park's population of approximately 35,000 could easily be considered as Alberta's sixth largest city overnight. Even though it is still officially classified as a hamlet most people still look upon Sherwood Park as an urban centre as it possesses over half of the county's population.

1.1.2 Nature and Definition of Small Business

It is important to discuss what may constitute an acceptable definition of a small business because there are policy implications when government definitions influence the type and amount of assistance given. In addition, for analytical and statistical purposes, the categories of small businesses should be examined. This would assist in the understanding and clarification of research methodologies used in different studies, especially in job creation.

The small and medium-sized enterprise sector covers many different types of productive activity and modes of operation responding to market opportunities. Therefore, it becomes difficult to establish a universal categorization or to conduct a comparison of performance between enterprises, subsectors or countries. The difficulty of establishing a common definition is complicated by many differences in official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Fort
Saskatchewan
HWY 635
VILLENEUVE
AIRPORT
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MANNING
FWY
COUNTY
FORT RD
Saskatchewan
COUNTY
HWY 21
Spruce Grove
HWY16X
EDMONTON
YELLOWHEAD
TRAIL
OF
HWY 16
HWY 16
Sherwood
Park
OF
Stony
Plain
I.R.
135
STRATHCONA
North
TRAIL
PARKLAND
HWY 14
HWY 60
CALGARY
Devon
HWY 19
HWY 625
Beaumont
EDMONTON
INTERNATIONAL
AIRPORT
HWY 21
N
Calmar
HWY 39
Leduc
New Sarepta
COUNTY
OF
LEDUC
HWY 2
Forty-five minutes
from downtown
Edmonton
ALBERTA
Study area

Figure 1. The City of Edmonton and surrounding communities.

Source: *Metro Edmonton, Alberta's Business Centre*. Special Report.
City of Edmonton, Planning and Development. 1989

definitions as well as ambiguities in the terminology used in different regions (Neck and Nelson, 1987).

In addition, small firms are difficult to define because in the economy, the unit of organization of economic activity is a continuum ranging from a part-time housewife operating from a home to an exporting firm. Most definitions are dependable on the interest of the perceiver; the small business may mean different things to different people in different places (Hertz, 1982; Nelson, 1987).

The distinction between a small firm and a large firm is relative; in fact, there is no definition of a "typical" small business as they encompass sole proprietorships, family businesses, partnerships and they can be incorporated or otherwise (Munt, 1983). In light of these difficulties, achieving an overall definition of what the term *small business* means is far from a simple, straight-forward task. However, Hertz (1982) has given an excellent account of the different kinds of small business definition classifications: legal, administrative, sociological as well as definition methods, techniques and criteria, both qualitative and quantitative. In addition, Hertz investigated the different criteria used in the United States, United Kingdom, Peoples' Republic of China and Israel.

A firm's size can be measured in several ways. Statistical,quantitative, operational and qualitative criteria should be used to identify and define the small firm. Many authorities define the small business sector in terms of the number of employees, amount of capital and investment employed or annual sales (Storey, 1982; Atlantic Consulting Economists, 1986). From an operational and qualitative criteria standpoint, as defined by the *U.K. Report of the Committee of Inquiry of Small Firms*, the small firm is viewed to possess a relatively small share of the market (Bolton, 1971). It should also be managed independently in that it is not a part of a larger enterprise which exerts an influence over major decisions (Binks and Coyne, 1983). Hertz (1982: 433) suggested an excellent definition of a small business: "a small business is a business that is managed by not more than three managers or whose workforce does not exceed 100 persons".Using both qualitative and quantitative criteria, she defined the manager as a person who has the power to control the running of the business, either independently or jointly and who accepts financial and / or legal and / or moral responsibility for such control, which might result in the loss of the person's money, freedom and employment. In contrast, Nappi and Vora (1980:23, 25) offered simplistic definitions: "any enterprise employing 500 or less employees"; "a business which is independently owned and operated and has either fewer than 100 employees or less than $1,000,000 in gross receipts". Another study by Peterson, Albaum and Kozmetsky (1986) suggested that the general public's view of a small business is one that possesses independent ownership and does not have marketplace dominance (small sales volume). In addition, 88.9% of their sample population considered firms employing less than 50 employees as small. In conclusion, the study suggested that no particular definition should be favoured.

In the Bolton Report (Bolton, 1971), the issue of statistical definitions for different industries was also noted. The manufacturing sector adopted the 200 employee upper limit. In the United States, the U.S. Small Business Act defines a small business as independently owned and operated and which is not dominant in its fields of operation. In addition, upper limits are specified on the number of employees and the total dollar volume of sales for each industry group (Peterson, 1977).

The Canadian government does not have an overall formal definition, however, that does not mean that none is implied by existing programmes. Definitions of small business arise from specific limitations and requirements in particular programmes administered by different government boards. The Small Business Loans Act (SBLA) of 1960 defined a small business as being eligible for assistance if its annual sales are less than one million dollars per year (Information, Canada,1974). The Minister of State, Small Business (1977) defined small business as firms which are independently owned and which have not developed the managerial structure typical of the large and mature corporation. Generally, this applies to firms with less than 100 employees in the manufacturing sector and fewer than 50 employees in the other sectors. The Department of Industry, Trade and Commerce (1982) defined small businesses as manufacturing firms employing fewer than 100 workers and firms in other sectors with less than 50 workers. The Canadian chartered banks categorized clients with loans less than $200,000 as businesses belonging to the small business or independent business sector (Atlantic Consulting Economists, 1986). In the area of management counselling, firms that employ less than 75 full-time employees are eligible to use the Counselling Assistance to Small Enterprises (CASE) programme (Federal Business Development Bank, 1976). The Federal Small Business Secretariat, in its statistical publications, defines small business as those businesses with under $2 million in sales or employing less than 50 employees (d'Amboise, 1991). The Canadian Federation of Independent Business (CFIB) emphasizes the owner-managed aspect of the small enterprise. As well, the number of employees are taken as a yardstick with small business employment defined as less than 50 employees (Thompson, 1992). A small business is, therefore, a firm which is independently owned and operated and does not dominate in its field of operation.

In conclusion, it is important to discuss what may constitute an acceptable definition of a small business because of regulatory or statistical purposes and more importantly, for establishing eligibility for different types and amounts of government assistance. For the purpose of this study, small businesses will generally refer to enterprises, including home-based businesses, employing up to 50 employees (full-time and part-time). The employment criterion was chosen instead of sales because information about employment is readily available and also the information is considered by owners to be less confidential. For the business survey part of the study, there is the additional criterion that small businesses should be run by a maximum of five persons who have the power to control the running of the business (independently and jointly) and who are responsible for the company in terms of financial, legal and moral risks.

1.1.3 Importance of Small Business to the Economy

The Canadian government recognizes the positive contribution that small business makes to the economy. This is evident in job creation statistics found in newspaper articles and government documents. In the *Globe and Mail's Special Report* (May 29, 1986) *on small business,* it was stated that since September 1984, 400,000 jobs or 70% (of new employment) was created nationwide by small enterprises. According to *Small Business in Canada, Growing to Meet Tomorrow 1989*, a report submitted to the Parliament by the Minister of State, Small Businesses and Tourism, new businesses and the growth of established small enterprises were responsible for the majority of jobs created over the past decade. In addition, firms with fewer than 50 employees accounted for almost 34% of total private sector employment in 1987. In the federal government's *1985 Consultation Paper on Small Business*, small businesses employing fewer than 20 workers accounted for virtually 100% of the net job creation over the 1978 - 1982 period. However, it must be pointed out that this figure was affected by the loss of jobs in the larger firms during the economic downturn of 1982. According to the Industry, Science and Trade Canada's report, *Small Business in Canada 1991*, between 1979 to 1989, Canadian small businesses employing less than

50 employees created 81% of all the net new jobs which amounted to 2.1 million jobs. In addition, the Canadian Federation of Independent Businesses's study, using Statisitics Canada data, revealed that during 1979 to 1989, businesses with less than 50 employees accounted for 82% (176,000 jobs) of new jobs created and very small firms employing less than 5 employees were responsible for 128,000 new jobs (Thompson, 1992). Wietfeldt (1984) conducted a study of job creation in Canada between 1975 to 1982. He concluded that the greatest relative growth arose from the smallest firms employing one to four employees as well as young firms.

Small businesses are also looked upon as important technological innovators. According to *Small Business in Canada 1989*, in 1987, 67% of firms involved in commercial research and development had fewer than 50 employees. Moreover, small and medium-sized firms were increasingly regarded as generators of economic growth and as primary sources of technological change. Equally important, via job creation, small and medium-sized firms become a source of social stability (Rothwell and Zegveld, 1982). It must be noted that the amount of research and development depends on the industrial sector in which the small business is operating. Small business in the advanced technology sectors such as electronics and pharmaceuticals, would be expected to have a high rate of involvment in innovation.

The importance of small business in research and development is recognized by many but yet the role of small firms in innovation is still debatable (Fischer and Nijkamp, 1988). Lloyd and Mason (1984) were sceptical about the role of small firms in technology development because of financial constraints, time and resources limitations. Rothwell and Zegveld (1982), however, concluded that small firms were more flexible and able to perceive and adjust more rapidly to new technologies than large corporations.

According to Stankovic (1987), local economic growth and expansion would arise more from indigenous businesses and less from the movement of branch plants and head offices of large firms. Therefore, small and new firms would increasingly dominate amongst these indigenous sources. Consequently, local authorities have been emphasizing the importance of revitalization of indigenous regional resources in the hope that they might trigger the creation of new and often knowledge-based activities especially in the small firm sector (Storey, 1982). Birch (1987) also suggested that encouraging entrepreneurship and improving their chances of survival instead of trying to attract firms from elsewhere is more effective in economic development and employment growth. In Alberta, between 1978 - 1984, 55.9% of net increase in employment was attributed to existing businesses (Hingston, 1989).

> In Edmonton, small businesses are regarded "as an effective means of diversifing the economy. They can be innovative in bringing specialized retail outlets to the public and offering a variety of merchandise.The diversification of Edmonton's economy is dependent on small business. As part of the federal government's current efforts to reduce costs, both provincial and municipal governments are suffering cuts in grants and programmes. Furthermore, the provincial government is assisting rural Alberta by moving government offices out of Edmonton. The result of these two measures is that the government operations will no longer generate as much economic growth as in the past in Edmonton. New businesses can help to fill the vacuum" (Hingston, 1991:2).

The employment distribution, in the Edmonton area in 1989, showed that firms employing less than 20 employees made up 87.5% of all businesses in Edmonton (Walters and Huang,1989). Projections conducted for the Edmonton labour market up to 1993 suggested that job creation in Edmonton was expected to be generated by either the very small (fewer than 20 employees) or the very large (greater than 500 employees) businesses (Walters, 1989).

In Edmonton, the dominant sectors, in terms of active businesses, are the retail and services sectors. Table 1 reveals that the retail trade and services (business; education; health; food, beverage and accomodation; recreation and amusement; personal and household services; miscellaneous services) sectors were the two leading sectors with 36.7% and 36.5% respectively of the total number of active businesses in 1990.

It is recognized that the retail and services sectors have emerged as an important component in the business structure of Edmonton. Therefore, this study has chosen to focus on these two sectors for the purpose of gaining some understanding of this vital component in the Edmonton economy.

1.2 Objectives of Study

Given the importance and significance of small businesses in the economy of the metropolitan Edmonton region, it is important to learn and understand their attributes. The purpose of the research is: firstly, to examine the changes in the number of small businesses through times of expansion and recession; secondly, to understand the attributes and characteristics of existing retail and services small businesses by administering a questionnaire.

The objectives of the study are:

- to review documented literature contributing to the understanding of the role and importance of small business, as well as to identify the needs and motivations for entrepreneurship.

- to determine the number of firms in the retail and services small business sector and establish profiles of employment change in the study areas between 1982-1989.

Table 1 City of Edmonton Total Active Businesses by Sector, 1990.

Sector	No. of Active Businesses	% of total
Agriculture and related services	49	0.3
Mining and oilwell	199	1.1
Manufacturing	976	5.3
Construction	1,194	6.5
Transportation and storage	418	2.3
Communication and utilities	103	0.6
Wholesale Trade	809	4.4
Retail Trade	6,743	36.7
Finance and insurance	469	2.6
Real estate and insurance agents	279	1.5
Business services	2,430	13.2
Education services	92	0.5
Health and social services	1,262	6.9
Food, beverage and accomodation	1,444	7.9
Recreation and amusement	145	0.8
Personal and household services	870	4.7
Miscellaneous services	466	2.5
Unclassified	442	2.4
Total	18,390	100.0

Source: City of Edmonton, 1991
- Assessment Branch, Finance Dept.
- Planning and Development

This time period was chosen because it included the economic changes (recession and expansion) that Alberta had experienced in the1980s.

- to survey a sample of existing retail and services small businesses in the study areas.
- to examine and compare the characteristics of the sampled businesses.
- to test and examine a list of 15 research hypotheses based on previous research
- to outline selected government strategies and programmes (financial, educational support) that encourage creation and expansion of small businesses in the metropolitan Edmonton area.

1.3 General Approach and Methodologies

The objectives were derived through numerous methodologies. The methodologies used will be explained in detail in their respective sections. However, a brief summary of the methodologies will be outlined here.

The literature review section was based on a search through collections of books, articles published in major journals and government documents and reports pertaining to the small business sector. The literature was assessed according to the following categories: small business employment, spatial variation of small business formation, locational factors, entrepreneur profile and finance and counselling.

The tracking of employment changes in Edmonton, Spruce Grove and Sherwood Park was conducted by establishing the number of business entries and exits in each year during the period from 1982 to 1989 in the retail and services industries. This was achieved through recording the number of existing and non-existing firms, their employment size (1-5 workers, 6-10 workers, 11-25 workers and 26-50 workers) and the business's age (new, less than 5 years old and more than 5 years old) each year by Standard Industrial Codes (SIC) in the VIP Contacts Influential business directories. (Contacts Influential International,1982-1987; VIP Marketing Inc. Edmonton, 1988-89). In addition, the Economic Development offices of Spruce Grove and Sherwood Park possessed good small business data records such as their local business inventories which made the inclusion of these two areas in the study ideal.

Data on the characteristics and attributes of current businesses were obtained through mailing a questionnaire to the establishments. The purpose of this section is to gain a better understanding of the economic and geographical factors that influence decisions to locate in an area. In addition, a better perspective can be gained of employment changes since start-up, involvment in research and development, the profile of entrepreneurs and their view of government influence in this sector. The current business directories of the three study areas were reviewed and subsequently a sample of the firms was identified. Telephone contact was made with the businesses before and after administering the questionnaire. A mail-out questionnaire was prepared and distributed to the sampled firms. The data from the questionnaires was analyzed by utilising the SPSS - X statistical package. Descriptive and inferential statistics were used to examine and compare the attributes of the sample in the study areas.

CHAPTER 2.

REVIEW OF LITERATURE AND RESEARCH ISSUES

The review of past research resulted in a search of published works in the form of books, journal articles, government documents and reports. Most of the research was based on empirical work in the United Kingdom and United States. The early literature and research in industrial geography were focused on classical Weberian theory and the effects of agglomeration economies in determining industrial locations (Wise, 1949;Keeble, 1969; Taylor, 1970). Prior to the seventies, research devoted to small businesses was limited; however, in the subsequent decades there has been an upsurge of interest in both small and new firms (Firn and Swales, 1978; Wood, 1978).Much of the research had been stimulated in the United Kingdom with the publication of the *Report of the Committee of Inquiry on Small Firms* (Bolton Report) in 1971 representing increasing interest in the rapid growth of the population of small firms and their economic contribution in jobs and investment in the U.K. This coincided with interest in endogeneous local entrepreneurship as a vehicle for community and regional development (Mason and Harrison, 1985).

This section will review first, the literature pertaining to the importance of services and second, literature addressing the contribution of small businesses to employment as well as the attributes of small businesses. In general, these research contributions are derived from both European and North American contexts. However, it is important to keep in mind the historical, cultural and geographical differences that exist between them. Generally, Europe possesses a more mature urban system, in terms of its historical and cultural past. In addition, more high-technology industries involving research and development are locating in smaller cities in Europe than in North America. Therefore, the decentralization process of businesses and industries, with resulting gains in population and employment in smaller cities, are more evident in Europe. This may be a response to the lack of natural resource endowment (relative to North America) and therefore, there is a need in the European economy to develop alternatives in peripheral regions (Bailly, Maillat and Coffey, 1987). Most importantly, it must be recognized that the differences in distance, density and geographical scale of the two regions are great.

Despite these contextual differences, it is important to present the mix of academic inputs from different regions to gain insight into the research results in this field of study. In Canada, the role of small business is rapidly gaining recognition in the circles of federal, provincial and municipal authorities. However, the amount of research generated, comparatively, is much less than in the U.K. and U.S..

2.1 Importance of Services in the Economy

The shift from manufacturing towards service industries has increased in recent times. In Canada, the service sector is large and rapidly growing. Between the census years of 1951 and 1986, the service sector saw an increase of about three million new jobs (Coffey and McRae, 1989). Overall, the distribution of total employment in the national economy by sector for the 1951 to 1986 censuses shows that the service sector was one of the leading industries employing a large part of the Canadian labour force and the growth in this sector between these census years has been tremendous (Table 2).

2.1.1 Definition and Nature of Services

There has been an inconsistent approach towards defining services in the academic literature. There is no satisfactory or wholly accepted classification of services and contrasting views of the role and character of these services are reinforced by differing definitions of the subject under investigation (Marshall, Wood, Daniels and McKinnon, 1987).

Table 2. Labour Force by Industry for Canada in 1951, 1961, 1971, 1981 and 1986 Censuses.

Industry	1951	1961	1971	1981	1986
Agriculture	821,807	633,325	481,185	481,275	504,245
Forestry	129,690	108,580	74,380	100,765	109,390
Mining	102,328	116,217	139,035	210,025	188,245
Manufacturing	1,293,949	1,399,019	1,707,330	2,219,380	2,153,965
Construction	321,245	438,554	538,220	752,370	731,940
Trade	754,617	997,336	1,269,290	1,957,575	2,096,875
Finance, Insurance & real estate	144,006	228,905	358,060	621,115	668,495
Community, business & personal services	795,487	1,268,847	2,041,390	3,399,435	3,965,590

Source: Statistics Canada, 1986, Cat. No. 93-152.

The term *services* is designated traditionally in economic geography as the tertiary and quaternary sectors, that is, the residuum of occupations after excluding the primary industries (mining, forestry, fishing and agriculture) and the secondary industries (manufacturing and construction). However, as mentioned, the conceptual issue of definition of the service industries is still open to debate.

Generally, services tend to be defined in terms of what they are not, that is the economic activities of producers which do not themselves directly result in the creation or modification of physical objects. According to Coffey and McRae (1989), the service sector comprises five sub-sectors:

1) Distributive services such as wholesale and retail trade, communications, transportation and public utilities.

2) Producer (or Business) services such as accounting, legal counsel, marketing, finance, engineering and management.

3) Consumer services such as restaurants, hotels, resorts, laundry and dry-cleaning establishments.

4) Not-for-profit services such as education, health, welfare and religion.

5) Government services offered by federal, provincial and municipal governments and defence.

2.1.2 Reasons for the Expansion of Services

Gershuny and Miles (1983) have attempted to categorize the causes of service sector growth as being related to (a) the increasing demand for producer services from elsewhere in the economy, (b) the increasing demand for services from final consumers as societies get richer, (c) the lower rate of labour productivity in the service sector relative to manufacturing (Howells and Green, 1986). The lower rate of productivity is certainly predominant in the U.S. especially in producer services, retail trade and health care. The probable causes of this phenomenon are that better education, new technologies and increased capital inputs enable each worker to produce more in most other sectors such as manufacturing, agriculture, and mining which have shown increases in output per employee (Waldstein, 1989). In another study on OECD countries (Elfring, 1988), it was found that productivity advances in services failed to match the increases in commodity production especially in agriculture. The theoretical analysis of why productivity is low for services amounts to the fact that most services are not as susceptible to technological inputs designed to increase productivity as are commodity producing industries. This is due to the fact that services produce non-material products, are harder to standardize and have a high 'human relations' component. This has implications for both organization and conditions of service production.

One of the major reasons for the growth of the service sector is due to the growth in producer services. This growth is sustained by the growing importance of knowledge, skills and information in the production process resulting in a more complex division of labour between manufacturing and services related to manufacturing. In the planning and designing of products, producer services are frequently utilized. Increasingly, more firms are "contracting out" to service producers specializing in management consulting, advertising, communications, accounting and legal services in order to reduce costs. As a result, activities that may have previously been attributed to the manufacturing sector are now classified under the service sector (Marshall, Wood, Daniels and McKinnon, 1987). In addition, structural changes have been occurring in the traditional relationship between manufacturing and services. In some industries such as the manufacture of data processing equipment, the division between production and services is difficult to draw (Michalak and Fairbairn, 1988). Not only are service inputs (software) neccessary to make the product work, but services have a critical influence on the success of the product in the market. The implication here is that production and service companies are increasingly competitive with each other as both will penetrate each other's traditional markets by acquisition and diversification. For example, sections of service activity such as transport, distribution and financial services are becoming more capital-intensive, similar to the goods industry.

On the demand side, there has been a shift in final demand away from goods toward services (Fuchs, 1968). As incomes rise, the share of consumer spending allocated to services has increased. In part, this reflects a shift in emphasis from quantity to quality of life in consumer behaviour in advanced economies. Intermediate demand for services has increased also, partly due to increased externalization because of the changing business environment such as growing size and complexity of firm. According to Bender (1987), the income elasticity of demand is higher for services than goods, that is, as income increases, demand for services will increase more than goods demand. In addition, unearned income does play a role in affecting increased derived demand for services.

Demand for services may increase due to the structure of family life where the role of the mother is not always based at home. The rapidly increasing female labour force participation rate will result in personal services that were once provided by the households being replaced by specialist firms, for example, day care, restaurants and housekeeping services. Over the last decade in Canada, women accounted for over 70% of the total employment growth and 43% of the labour force are women today compared with 27% twenty-five years ago. This has resulted in an increase in the demand for personal and community services (Canadian Federation of Independent Businesses, 1988).

The growth of services in smaller urban centres is also the result of both import substitution and growth in service exports (Kirn, 1987). The scope for import substitution remains a key influence on policy-makers, however, the export role of services is yet to be accepted as a valid justification for regional policies, although some producer services have recently qualified for automatic grant support according to Daniels (1985). In fact, Sjøholt (1989) has realistically concluded that marginal regions have greatest potential in commodity-producing firms and in the public sector (not in higher-order services). Therefore, there should be development of those services that will serve the local industrial base. Goods related "blue-collar" services like transport, storage , repair and maintenance should be the focus in services. Sjøholt also makes the important point that there should be a strategy to prevent leakages of services rather than always concentrating on locating sophisticated information services in marginal areas.

2.1.3 Effects of Services on Employment

With the growth in services, there has been an increased social polarization between those with appropriate skills and the poorly skilled and unemployed. Certain sub-sectors of services require highly skilled professionals for example, information technology, artificial intelligence, financial and legal. But other sectors such as restaurants often employ part-time, minimally skilled persons. Therefore, the structure of employment is heavily dependent on the structure of the service economy.

According to Wood (1986), employment in production will most likely grow in the town and rural areas, while producer services growth will concentrate in the cities in the U.K.. Intermediate consumer services will also develop strongly in these urban areas related to population and income growth and in the surrounding subregions. Personal services employment, although declining generally, may be sustained in these areas through a combination of recreational and tourist growth and high residential incomes. The cumulative effects of intermediate consumer service employment will, in addition, tend to reinforce patterns of rich and poor areas. Therefore, public policy involving new infrastructure investment will be attracted to invest in the richer urban areas.

Nord, Phelps and Sheets (1988) examined the impact that the service sector had upon underemployment in major US metropolitan areas in 1980, as a result of low wages and part-time employment. The service sector has been the driving force in the growth and development of the major metropolitan economies in recent years. But the implications of future service growth for structural underemployment in these areas will depend on the relative concentration of different service industries which they attract. The study suggested that service growth on the whole will increase full- and part-time underemployment.

According to Nord, Phelps and Sheets (1988), distributive and advanced corporate services have the largest adverse effects on full-time underemployment. Retail trade and non-profit services exacerbate part-time underemployment the most. Producer and social service industries will partially offset these effects by decreasing the levels of intermittent underemployment, therefore the severity of underemployment will depend on the service industry mix in the metropolitan area. It is important to note that retail and personal services have the largest concentration of part-time and part-year employment.

A troubling aspect of the expansion of services is the rise of part-time employment which places a question mark over the quality of jobs being created in services. In the U.K., the following data were reported in the 1981 census of employment. There were 557,000 part-time workers in producer service industries of which 80.4% were female. Between 1971 and 1981, part-time work accounted for 44% of employment growth in producer services and part-time jobs grew by 65% compared to 8.3% for full-time employment. In addition, part-time work grew faster for females (70.1%) than males (50.2%) during this time (Marshall, 1988).

As a result, part-time work has contributed to an increased participation of married women in the workforce. The prospects of part-time work are not as bright as salaries are at the lower end of the scale and promotion prospects are limited. This trend of increased part-time employment will continue as employers seek to reduce labour costs and increase their flexibility to deal with uneven work loads in producer services. There are also service employment changes by gender. Howells and Green (1986) state that males fared best in producer services, especially in computer services and wholesaling. Women, however, fared better in consumer services notably retailing, but employment is part-time in nature.

2.2 Growth of Small Business

In the past, the approach of economic development was to attract large companies involved in established industries. Since the 1970s, the small business sector has become an important component of the Canadian economy, as a result of growing numbers of Canadians establishing new businesses. Today, small firms have become a distinctive and vital part of the economy and are highly regarded as powerful agents in encouraging local and regional growth and rejuvenation (Industry, Science and Technology Canada, 1991).

The growth of the small business sector can be attributed to several economic and social factors. Stankovic (1987) has identified these factors as: 1. Demographic, social trends and the rise of services. 2. Increased unemployment and job mobility. 3. Increased sub-contracting. 4. Technological advances.

Demographic and social changes are the major forces that have contributed to the rise of the services sector. These trends include the higher incidence of two income families, an increasingly affluent society, the emphasis on leisure and recreation and the aging of a well-educated baby boom population. As a result, there has been rapid increase of day care services, restaurants, cultural services, continuing education, recreation and tourism, health services and other personal and community services.

With rising unemployment, the establishment of small businesses has become an alternative in employment. Evidently, female founded small businesses are increasing in number and there has been an increase in educational programs designed to encourage young graduates to start their own businesses (Thompson, 1987). In addition, with a maturing baby boom labour force that may be frustrated with the lack of opportunities for promotion in large companies, these individuals may be motivated to establish their own businesses in the area in which they were previously employed.

Sub-contracting has become a popular choice for large corporations to enable them to lower costs and to be more competitive. As a result, sub-contracting has created a market niche for small businesses. In addition, governments have also sub-contracted services from the private sector and small businesses to improve efficiency and reduce budget deficits.

Advances in technology have allowed small businesses to be competitive because small-scale capital equipment is increasingly sophisticated and affordable. Computer systems and computer assisted equipment have enabled small businesses to operate from homes very efficiently and economically.

2.2.1 Small Business Employment

In Canada, a growing and significant share of employment is attributed to the small business sector. In particular, the creation of new jobs is recognized as one of the important contributions made by small businesses to the economy. Between 1979 and 1989, small businesses employing less than 50 employees created 81% of all net new jobs, amounting to a gain of 2.1 million jobs (Industry, Science and Technology Canada, 1991). Increased interest in small business in the developed countries is based upon the belief of the ability of small firms to generate employment, especially during economic stagnation (Nijkamp, Van Der Mark and Alsters, 1988).

A. Job Generation by Size

Many interesting implications arose from the influential study on the employment potential of small businesses undertaken by Birch (1979) in the U.S. He studied employment change in 5.6 million business establishments in the manufacturing and service private sector between 1969 and 1976. His findings concluded that firms with less than 20 employees generated 66% of net new jobs; 50% of gross jobs created were produced by independent entrepreneurs and 50% by multi-plant corporations; 50% of gross job gains were created through the expansion of existing companies and the other half were through new openings of companies. The conclusion drawn from Birch's study suggests that the majority of new jobs are created by small firms. Following Birch's study, Fothergill and Gudgin (1979) conducted a study in the East Midlands, U.K. and compared the results of their study with Birch's. The comparison revealed a strong similarity in the job generation potential of small manufacturing firms. The East Midlands study, therefore, also suggested that small firms contribute a substantial number of new jobs. Another study conducted in Cleveland County, U.K. showed that smaller firms seem to generate more jobs (Storey, 1981). Moreover, Daniels's (1988) study on business services firms in England also indicated that the size of the firm is related to employment change; smaller firms with less than 10 employees were more volatile than the larger firm.

In Canada, there was a lack of a good database to study the growth (birth and death rates) and the rate of job creation of various industrial sectors. However, in 1988, Statistics Canada released detailed data for the 1978 - 1986 period on the number of firms and jobs in Canada (Knight, 1988). Knight concluded that 75% of all jobs created in 1986 were in smaller firms with less than 20 employees. However, in terms of the rate of new jobs created per firm, the larger sized firms (100 - 500 employees) created more jobs per firm. The Canadian Federation of Independent Business (CFIB) produced a study in 1987 using Statistics Canada data for the 1978 - 1984 period (McNaughton, 1990). The study estimated 814,000 new private sector jobs were created during this period. Of these, 69% were created in firms employing less than 5 workers and 23% were in firms employing between 5 and 20 workers. In total, firms employing fewer than 21 workers were responsible for 92% of net job creation. In another Canadian study, Orr (1980) indicated that the smaller firm possessed superior employment generation than larger firms. The rate of job creation by the smaller firms between 1966 - 1978 grew 3.6 times faster than the larger firms. In addition, Wietfeldt (1984), in his study of job creation in Canada between 1975 and 1982, found that the smallest business firms employing 1 to 4 employees and the young firms possessed the greatest relative growth in job generation.

B. Job Generation by Age

Employment generation is not only affected by size but studies have demonstrated that employment generated is also related to the age of the firm (Firn and Swales, 1978; Gudgin, 1978; Cross, 1981). It is suggested that young firms create jobs at a faster rate than older ones within the same size group. Storey (1981;1982) confirmed that most net additional employment is generated in the first few years of the development of a firm, however, new firms would create relatively fewer jobs in the long run compared to more mature firms because of the new firm's instability and its tendency to create jobs only in its early years. Fothergill and Gudgin (1979) also agreed that employment growth of small firms may be the result of their age rather than size. Another study conducted on the employment contribution made by openings of new manufacturing plants in Scotland between 1968 and 1977, also suggested that the openings of new plants contribute substantially to employment creation compared to established plants (Cross, 1981). Despite these suggestions that young firms are a major source of job generators, it must be recognized that even though new openings do contribute to employment growth in the small firm sector, it must be kept in mind that it may be still disputable whether new businesses contribute most to net employment growth as death rates are also as high as birth rates (Fischer and Nijkamp, 1988).

C. Job Composition

In the U. S., services are no longer regarded as a residual activity dependent on the manfacturing sector (O'Huallachain, 1989). In fact, the demand for services comes from other service industries; approximately 58% of the intermediate demand for business services arise from tertiary industries (Planting, 1987). Moreover, the services sector now demands manufactured goods, therefore, the concept of services merely assisting the function of goods can be reversed as airplanes, cars, home appliances are utilized for transportation services, laundry and eating services (Silverstein, 1985).

In the U.K., the services industry employed two-thirds of the workforce in 1984 (Damesick, 1986). Previous studies had expressed concern over the changing geography of employment particularly because of Britain's job loss in the declining manufacturing sector (Keeble, 1980; Martin, 1982). Consequently, greater attention has been given to the service sector employment regarding its potential for job generation. Damesick (1986) studied Britain's service sector employment change between 1971 and 1984. His findings showed that the service sector had been the major job creator especially in the retailing, hotels and catering, financial and business services. However, there was a strong bias toward female and part-time employment.

Marshall, Wood, Daniels and McKinnon (1987) also found that the service sector has made an important contribution in the U.K. during the past decade, in terms of generating growth and employment creation. However, he concluded that there needs to be a greater understanding of the processes of employment change in terms of the demand for male/female, skilled/unskilled and full-time/part-time labour force.

In the 1980s, 14.5 million jobs were added to the U.S. economy; of these nearly one-quarter were part-time and 66% of the part-time jobs were filled by women. Of the part-time workforce, 89% was employed in the retail and services sectors. In addition, 30% of the workforce in these sectors was composed of part-timers. Temporary and part-time workers were favoured in retail and service firms because they served as a cheap and available labour force and therefore, helped to reduce costs. The temporary and part-time workers were, however, mainly young and female (O'Huallachain, 1989).

The growth in the number of new Canadian firms as well as new jobs in the last decade arose from the small business sector in the service and retail industries. In addition, the significance of female and youth entrepreneurs must be recognised as their numbers are increasing. Therefore, government incentives, instead of focusing, on large manufacturing businesses through providing numerous financial grants and programmes, should concentrate on the retail and services sectors as well as youth and female entrepreneurs (Knight, 1988).

Alberta had also experienced the trend of a declining manufacturing sector in the economy. Between 1981 and 1986, the Alberta economy lost 11,000 manufacturing jobs. In that same period, the service industry increased from 324,000 jobs in 1981 to 378,000 jobs in 1986. In Edmonton, the trend was similar; service employment increased from 110,000 jobs in 1981 to 126,000 jobs in 1986 (Walters,1989). Referring to Table 3, it can be seen that Edmonton was also experiencing the increasing participation of the young and female population in part-time work. The majority of part-timers (26,300) were in the 15 -24 years group as well as the 25 - 44 years group (21,400). In terms of sex differential, 72.4% or 43,000 of the total part-time workforce was female (Labour Force Survey, 1989). The rise in the service sector of part-time and female employment can be attributed to changing economic and social conditions (see Section 2.1.2).

Table 3 Part-time Employment (Edmonton C.M.A.)

	MALES (000)	FEMALES (000)	BOTH SEXES (000)
15-24 Years	10.2	16.1	26.3
25-44 Years	3.3	18.1	21.4
45 + Years	2.9	8.8	11.7
All Ages	16.4	43.0	59.4

Source: Statistics Canada, Labour Force Survey, May 1989

2.2.2 Locational Factors

Central place theory had been widely accepted in Geography in the study of the location and spacing of shopping centres. However, trends in retailing and consumer behaviour have resulted in changes of retail development. The impact of factors such as population, income, shopping centre development and competition for retail sales are increasingly recognized (Ferber, 1958; Ingene and Lusch, 1980; Bain, 1984). Structural changes in the city landuse and transportation corridors, have also been major locational influences, particularly, on shopping centre or mall development.

In North America, changes in consumer behaviour have been attributed to rising affluence and higher degrees of mobility. With increased affluence, major lifestyles and demographic changes have occurred: smaller family size; delayed marriages; falling birth rates, higher economic ability of young and single persons; increased proportion of women in the workforce; aging population because of declining birth rates; increased average education levels; more sophisticated consumer tastes and preferences.

The retail and services sectors have been greatly affected by these lifestyles and demographic changes. Increased variety in market segments has occurred to serve the many different needs and preferences. As well, specialty retailing has also risen. The proportion of food eaten outside of home has increased, encouraging the rapid rise of the restaurant industry. In addition, a greater emphasis of self-fulfilment and flexible lifestyles have increased the demand for personal services such as fitness clubs and weight-loss clinics.

Structural changes in the retail and personal services sectors have also occurred in North America. Over the past decades, the following changes have taken place. The growth of the shopping centre and the increase of multiple chain companies and franchises, the rise in specialty retailing and cash and carry activities.

The planned shopping centre is the dominant force in the process of retail change in the last 40 years (Dawson, 1983). Shopping centres have changed the patterns of accessibility in the city. Accessibilty to customers is increased by the attractiveness and convenience of the agglomeration of stores. The growth of the planned shopping centre has also contributed to the growth of retail chains. Shopping centres are capable of generating specified levels of traffic, dependent on the centre size, whether it is a regional or community shopping centre. Therefore, it has become very attractive for retail chains to locate in shopping centres (Jones and Simmons, 1991).

The result of a more affluent lifestyle and educated society has encouraged the growth of specialty stores and chains. Specialty stores, however, can be spatially dispearsed or concentrated. Stores selling highly specialized product (eg. collector's stamps) have no need for spatial concentrations since they are selling one of a kind product/service. Other stores may cluster to provide an environment for comparison shopping. There has also been a significant growth of franchising especially in the food, restaurant and specialty store industries. Franchising has become increasingly attractive to entrepreneurs as it provides services such as advertising and operating systems; as well, it possesses a greater buying power than independent stores. The growth of specialty stores, has been attributed to new market niches because of the change in consumer taste, therefore, providing new opportunities for the independent entrepreneur.

Generally, a decentralization process resulting in new shopping facilities serving new peripheral markets (other than the centre of city) has occurred. The cash and carry wholesaling strategy has attracted customers by lower prices and abundant parking spaces. The do-it-yourself concept is increasingly popular and these cash and carry warehouses are located on industrial/warehouse estates in suburban locations with good transportation routes. As well, in the suburbs, there is the growth of the regional shopping centres because of ample site size, floorspace and lower rents. Thus, an important structural change, observed over the last 40 years, is the declining role of downtown shopping within the metropolitan area (Jones and Simmons, 1991). However, efforts to redevelop downtowns have been made to retain the unique atmosphere of downtowns. With retail services, the central business district may prove to be still important because of inertia (Daniels, 1985).

The location of service activities is greatly influenced by the demand for their activities, therefore, the different categories of services must be considered. Public services such as education, health and welfare are provided by various levels of government to households. Therefore, these activities are located often in close proximity to households. A second type of public service consists of public administration at federal, provincial and municipal levels. These activities are located according to the population distribution. Transport, utilities and communication services represent a mixture of government operated activities, crown corporations and private services. The locational factors are more complex, depending on the diversity of activity and patterns of ownership.(Coffey and Polese,1987).

Private services include retail and consumer services (final demand activities).Therefore, the location also tends to adhere to the distribution of households because of the importance of purchasing power. However, the absence of these activities in rural regions and the corresponding overconcentration in medium-sized cities can be explained by central place theory.

Producer services are more centralized than consumer services because of the importance of being in close proximity to the clients and competition. But rising rents and property taxes in central locations increase costs As well, with the population dispersing from central city locations to the suburbs, journeys to work become less efficient. Therefore, suburban location can reduce costs, increase accessibility to labour markets, provide more comfortable working conditions and allow consideration of the quality of life factor (Kirn, 1987).

The rise in affordable and sophisticated office equipment and computer software such as electronic desktop publishing and laser printing has made it possible to run a small business out of one's home and thus enhance flexibility of locational choice. However, this does not mean that larger urban places will be regarded no longer as desirable to locate businesses. Even with an increasing number of people preferring to live in non-metropolitan areas, their shopping patterns reflect preference for the options provided in larger urban places.

To understand retail and service location, Jones and Simmons (1991) introduce the important players of demand and supply. The geography of demand primarily consists of the market which comprises four major aspects:

1. Market area: Whether it is located in a neighbourhood or metropolitan region, the market area can be measured in terms of market size, defined by population or the number of households.

2. Income: The income level and income mix are important factors as different income groups would consume different types and amounts of products/sevices.

3. Demographics: Age and sex composition of the market is important because a young or aging population would demand different kinds of product/service mix.

4. Lifestyle: Distinct preferences would arise from different ethnic groups, high-fashioned or environmentally conscious communities.

The supply side identifies the major players that provide consumers with product/service choices. Basically, the independent stores, retail chains and franchises, and shopping centres are the major players. Between them, competition would affect their level of activities. In addition, the shopping centre developer is a major player in selecting and locating a large proportion of retail and service activity. Also, shopping centre and retail chains have a complementary relationship; the shopping centre provides a regular traffic flow and certain level of competition for retail chains and the shopping centre, in turn, scouts for retailers that have the ability to attract customers.

The need for a reconciliation of theory and practical applications, particularly in dealing with the structural change and location strategy of the marketplace should be recognized (Jones and Simmons, 1991) and attempts have been made to reconcile theory and practice (Davies and Rogers, 1984; Ghosh and McLafferty, 1987).

Based on the above discussion on understanding retail and service location in regard to the major factors of demand and supply, the following researchers have identified numerous factors on the demand and supply sides that are important in location strategy. Ghosh and McLafferty (1987) outline three stages in the spatial analysis of markets : 1. Market selection. 2. Areal analysis. 3. Site evaluation.

Market selection is based on the consideration of demographic and socioeconomic factors such as population size and growth characteristics, income levels and potential, market expansion potential and economic base (Ghosh and McLafferty, 1987; Jones and Simmons,1991). Areal analysis involves the physical environment and factors such as land use patterns and transportation networks that would influence residential patterns and location of shopping opportunities (Davies and Rogers, 1984). In addition, the competitive environment must also be considered. The level of competition can be measured through indices such as the number of stores, stores per capita, types of merchandise, services and pricing policies (Berry and Parr, 1988). Site evaluation usually consists of a variety of the above mentioned factors. The checklist procedure is one of the techniques to evaluate the suitability of a site. (Ghosh and McLafferty, 1987). They include the following factors:

LOCAL DEMOGRAPHICS: Population base; Income potential

TRAFFIC FLOW AND ACCESSIBILITY: Number of vehicles/pedestrians; Type of vehicles/pedestrians; Availability of mass transit; Access to major highway; Level of street congestion; Quality of access streets

RETAIL STRUCTURE: Number of competitors; Number and type of stores;Complementarity of neighbouring stores; Proximity to commercial areas; Joint promotion by local merchants

SITE CHARACTERISTICS: Number of parking lots; Visibility of site; Condition of existing building

LEGAL AND COSTS FACTORS: Type of zoning; length of lease; Local taxes; Operations and maintenance costs

Other attributes associated with a regional environment that would affect a firm's location were: wage rates, level of amenities such as education facilities, residential climate in terms of pollution, noise and overcrowding, institutional and policy framework such as the level of incentive grants or subsidies and taxes, costs such as transportation, energy and rent (Fotheringham, 1985; Nijkamp, Alsters, Van derMark, 1987).

Considerable research had been conducted on the geography of retail location but research linking retail decision-making processes with site selection is scarce (Schmidt, 1983; Timmermans, 1986). The retail sector location decision-making process differs markedly from the manufacturing industry. The market orientation of many retail firms and the observable influence of location related variables such as competition, customer accessibility and site visibility have suggested that there would be greater awareness among retailers of site location (Schmidt, 1983).

Another study has outlined several basic elements that need to be considered in regard to a retail location decision (Hand,Dunkelberg and Sineath, 1979). They are: trading area, competition, visibility and accessibility, artistic and aesthetic qualities associated with a particular location and compatibility of adjacent retail businesses, convenience. In addition, the influence of population size and income levels are important to the retail entrepreneur when considering his location. Timmermans (1986) also affirmed, in his study on locational choice behaviour of 39 entrepreneurs in the Netherlands, that accessibility is an important factor, however, two other factors, the size of shopping centre and the presence of magnet stores are also important factors influencing locational preferences.

The ideal characteristics of a site and locational preferences differ for different types of businesses but essentially, all the above mentioned factors should be considered. The changing structure of the retail environment affects the locations of retail businesses. The major trend in the retail organization in North America is the decentralizsation of trade from the Central Business District to regional shopping malls. (Ghosh and McLafferty, 1987; Jones and Simmons, 1991). The growth of shopping malls has led to multipurpose shopping where small specialty stores benefit from locating near to large department stores. In addition, these small stores selling comparable merchandise, attract comparison shoppers and this concentration of stores creates synergy and increases the volume of traffic.

Based on the popular belief that consumers compare goods between stores before purchase, especially, when price, pattern, quality and fashion are important considerations, stores selling the same kind of merchandise experience more business if they were located adjacent or in close proximity to each other (Nelson, 1958). Clusters of similar retail outlets such as jewellers, clothing stores and department stores are common. However, Kivell and Shaw (1980) suggested that the degree of clustering is dependent on the order and the nature of the merchandise. Highest order oulets such as clothing and shoe stores are most agglomerated whereas, lower order convenience merchandise such as food stores, most of the service trades (leisure, personal and business services) do not favour competition (Brown, 1987). However, locational interdependence and competition may still be a important factor for some of these lower order convenience stores.

Even though the literature outlined many locational factors, according to the *Financial Post's Small Business Special Report* (September 23, 1991), many small businesses still do not conduct adequate research into location. In addition, the majority of location decision are usually based on personal preferences and intuition.

2.2.3 Entrepreneurial Characteristics

Prior research (Cooper, 1970; Susbauer, 1972; Watkins, 1973) on founders suggested that they usually start new businesses where they are already living and working. Reasons given for this phenomenon is the convenience for the founder to lay the groundwork for the new business by moonlighting on a part-time basis. As well, the costs and hassle of finding a new place to live are reduced. Most importantly, the founder is in familar surroundings thereby enabling him to utilize previous contacts and the knowledge of the market and suppliers. Christy and Ironside (1988) also found that the entrepreneur's place of residence is an important factor to small high-technology business entrepreneurs. In addition, founders often start new businesses in the same field as their previous employment (Lewis and Williams, 1987).

Gudgin (1978:105-106) postulated that the "....the founders of new firms will rarely make active location decisions. Instead, new firms are located within the entrepreneur's home area. Also, the industry in which the firm operates will normally be the one in which the entrepreneur previously worked. The decision which is made is whether or not to go into business; the location and form of production are to a large extent predetermined". Several reasons were provided for this occurrance. First, spatial search is limited due to a small initial capital base. Second, the founder's market knowledge is limited only to the local area. Third, the founder would reduce uncertainty when the business is set up in a known area. Fourth, because the founder's knowledge of the market is local, the founder would gain little by locating outside this familar area.Therefore, his conclusion is that very few founders of new firms will move their homes in order to set up a new business; most new businesses are located close to their founder's place of residence.

The limited view that entrepreneurship is the result of pecuniary gains has been abandoned, instead, non-economic motivations (sociological, psychological and cultural) for entrepreneurship are gaining importance. Numerous "push" and " pull" theories of entrepreneurial motivations are increasingly cited to explain entrepreneurial activities (Shapero, 1975; Harrison and Hart, 1983; Gilad and Levine, 1986). The "push" pertains to people being pushed into entrepreneurship by the negative situations such as dissatisfaction of existing employment, loss of employment and career setback. The "pull" factor relates to the enticing benefits of self-employment that attract individuals into entrepreneurial activities (Shapero, 1975; Harrison and Hart, 1983).

Mason's (1989) study found that the top three reasons that motivated founders to start their own business were: independence, financial ambition and dissatisfaction with their job situation. In addition, Watkins (1976) also found that the desire for independence was rated highest while his second most favoured reason was the desire for increased job satisfaction.

The number of jobs held by founders previous to founding the business showed that the majority of entrepreneurs held between 1-5 jobs (Cross, 1981; Cooper and Dunkelberg, 1987) The age of the entrepreneurs at founding was usually in the thirties and forties. Cross (1981) found that 26% of founders was below 30 years, 40% was between 31-40, 26% was between 41-50 and 8% was 51 years and above. According to Lewis and Williams (1987), the age distribution of their sample was: 23% below 35 years, 54% between 36-55 years and 23% above 55 years. Similarly, Reid (1987) found that the age of most entrepreneurs during founding was between 25-44 years.

The level of education of entrepreneurs had been examined by Reid (1987) and Pickles and O'Farnell (1987). Reid found that the majority of entrepreneurs had a college, university degree or equivalent. However, Pickles and O'Farnell found that self-employment is relatively high for those with primary education and the founders with incomplete secondary level education possessed the highest probability of being self-employed. The number of entrepreneurs fell, however, to a minimum for males with post-graduate qualification.

2.2.4 Finance Sources

In other studies, the most frequently used source of start-up finance was personal savings (Cross, 1981; Gould and Keeble, 1984; Mason, 1989). Cross found that 56% of founders used more than one source of finance. Of all the sampled founders, 44% relied on personal savings, 18% obtained from the bank and 9% from government loans. Gould and Keeble found that after personal savings, family and banks were second and third choices in financial sources. As well , in the ***Financial Post's small business special report (Sept. 23, 1991)***, it was cited that small ventures usually obtained funding initially from personal savings or money borrowed from relatives or friends. Wietfeldt (1985) interviewed small- and medium-sized Canadian businesses, for a study conducted by the International Small Business Congress, and found that 40% of the businesses had difficulty in acquiring capital for investment and expansion because of the lack of collateral to satisfy banks and lending institutions. Therefore, funding was mainly derived from family and/or friends or government programmes.

2.2.5 Counselling and Programmes

Mason (1989) found that counselling and advice tend to occur after start-up. Entrepreneurs also had a preference in programme sponsorship and the programme administrator. Reid (1987) found that businesses most preferred private agencies, community college and universities as programme sponsors, while government agencies were the least preferred. Also, business persons (those that have experience in owning and operating a business) were the most preferred agents for conducting programmes, followed by consultants, university professors with business experience and community college teacher with business experience.

2.3 List of Research Hypotheses

The previous section has outlined relevant studies concerned with employment, locational factors, entrepreneurial charactistics and financial sources. From these studies, several research issues were obtained. Through a survey administered to existing businesses in the study area, the research hypotheses will be tested.

2.3.1 Employment

It is suggested that job creation is related to the age of the firm. New jobs are created in the firm's first few years of establishment. Moreover, the literature suggests that the jobs generated in small businesses, especially in the retail and services sectors are biased toward the female workforce and the jobs are low-skilled and part-time in nature. Therefore, the following research hypotheses were generated:

Hypothesis 1: There are more females employed in part-time positions than males.

Hypothesis 2: The majority of female employees are employed in the lower skilled jobs.

Hypothesis 3: More jobs are created in the early years of a small firm.

2.3.2 Locational Factors

Based on the numerous locational factors identified in previous studies, a list of 30 locational factors were compiled (see question 18 in Appendix 1). The findings from that listing of locational factors will assist in examining the following research hypotheses generated from the literature review.

Hypothesis 4: Accessibility to customers is the most important factor influencing locational preferences.

Hypothesis 5: Personal and business services firms and 'consumer comparative' shopping stores do not differ with regard to the importance of locating near competitors.

Hypothesis 6: The majority of the entrepreneurs do not do research on the location when establishing their businesses and thus the location decisions are based on personal preference and intuition.

2.3.3 Entrepreneurial Characteristics

From the literature review, it is suggested that entrepreneurs are inclined to start a business in the same or related area of previous work experience because of knowledge and familiarity of the market and suppliers which would reduce uncertainty and risks for the business.

In terms of motivational factors, the literature showed that entrepreneurs were motivated by the independence of owning one's own business. Entrepreneurs were found to be young and well-educated. In addition, most entrepreneurs have worked in several other jobs before establishing their own business.

Subsequently, the following research hypotheses were derived:

Hypothesis 7: Small firms tend to locate near to the entrepreneur's residence.

Hypothesis 8: Enterpreneurs usually have high levels of education such as college and university degrees.

Hypothesis 9: Before starting their firm, entrepreneurs, on average, had one to five jobs.

Hypothesis 10: The majority of new firms are founded in fields related to the entrepreneur's previous work experience.

Hypothesis 11: Entrepreneurs are usually in their thirties and forties when establishing the firm.

Hypothesis 12: The desire for independence is the most common reason for starting a businesses.

2.3.4 Financial Sources

The majority of entrepreneurs, in other studies, used their personal savings for starting up their business. Other financial sources used were loans from family / friends and banks. Therefore, this study will examine whether personal savings is the most common source of finance.

Hypothesis 13: The most frequently used source of start-up finance is personal savings.

2.3.5 Counselling and Programmes

From the literature, small businesses are found, most often, to seek counsel and advice after start-up. Furthermore, the most preferred agent for delivering small business programs is a business person. Interestingly, government agencies were one of the least preferred agents or program sponsors. The research hypotheses derived are:

Hypothesis 14: The use of counselling and advice tend to occur after start-up.

Hypothesis 15: Business persons are the most preferred agents for conducting business programmes.

CHAPTER 3.

METHODOLOGY

3.1 Methodology (Directories)

An overview of the population of the small retail and services firms was conducted by reviewing the annually published Contacts Influential Commerce and Industry Directory (1982 - 87) and VIP Business Contacts (1988 -89, name changed).

3.1.1 Organization of Directories

The directories were compiled by a private company called Contacts Influential, 1982 - 87. The name was changed to VIP Marketing Inc. in 1988. A telephone call was made to this company to gain information on how it obtained its data for the directories. The data was obtained through various sources, such as business licensing registries, business magazines and publications, newspapers, as well as through the network of business contacts.

The directory is, basically, a cross-reference directory which was divided into eight main sections:

1. Firms alphabetized
2. Alphabetical index to the Standard Industrial Classification (SIC)
3. Firms classified by SIC numerials
4. Market planning section
5. Firms by postal codes
6. Postal codes street index
7. Key individuals
8. Business telephone index

However, from 1988 onwards, there was an addition of two other sections:

9. Street addresses of major buildings
10. Firms by employment size

The directories also provided information on each firm's employment size: 1-5, 6-10, 11-25, 26-50, 51-100, 101-250, 251-500, over 500 employees. In addition, the type of firm was also specified: local office, branch or headquarters. As well, the age of the firm was also provided in the following categories: new, 1-5 years and 6 years and over.

The directories were available in six volumes, in these designated years: 1982/83, 1983/84, 1985, 1986/87, 1988 and 1989.

The task of identifying all the Statistics Canada defined S.I.C. sub-categories in the retail and services sectors was undertaken. In addition, all firms employing less than 50 employees located within the study areas were identified. The number of new firms were recorded with the assistance of a research assistant. The research assistant was instructed to note the listings of all the new retail and services firms for each year on index cards. The number of existing and new retail and services firms was then calculated and compiled by the researcher.

3.2 Methodology of Survey

3.2.1 Sampling Population

The population considered for this study consisted of the small retail and services firms in the city of Edmonton, Sherwood Park and Spruce Grove, where *small* was defined as a firm having a number of full-time employees between 1 to 50 (including self-employed businesses, home-based businesses). The retail and services firms were defined by using the same SIC categories found in Appendix 2.

Due to the high financial costs of purchasing data from Statistics Canada and Dun and Bradstreet Inc., it was finally decided that the main source of the data would be the VIP Business Directory (VIP Marketing Inc., 1990). This business directory was inadequate, especially, in the data of Sherwood Park and Spruce Grove, due to the limited number of firms in the listing. Subsequently, the Economic Development Boards of Sherwood Park and Spruce Grove were contacted to obtain a more comprehensive list of the small businesses located there. These supplementary sources of data were the Business Inventory - Economic Development and Tourism (Strathcona County, Economic Development and Tourism, 1991) and the Spruce Grove Business License Directory (City of Spruce Grove, Planning and Development Section, 1991).

Because the directories listed firms of all sectors and employment sizes, the task of establishing and identifying the universe of retail and services firms employing 50 or less employees had to be undertaken. The compilation resulted in 4,357 retail firms and 7,596 services firms, totalling 11,953 firms in the city of Edmonton. In Sherwood Park, there were 241 retail firms and 441 services firms, amounting to 682 firms. Spruce Grove had a total of 398 such firms with the retail sector comprising 167 firms and the services sector 231 firms. The population of the three areas resulted in a grand total of 13,033 firms being identified.

3.2.2 Sampling Procedures and Outcomes

From the population of firms, a sample had to be obtained. It was evident that the number of firms varied widely amongst the three study areas. In addition, within the city of Edmonton itself, different parts of the city possessed different numbers of firms. Therefore, the sample derived had to be proportional to the population in the various geographical locations. The city of Edmonton definitely would possess a greater proportion of the sample as the bulk of the population was located in the city proper compared to Sherwood Park and Spruce Grove. Within the city proper, postal code delineation was used to identify the various areas that had a high number of firms so that the number of firms sampled would be proportional to their existing populations. Moreover, there was also a different proportion of firms between the retail and services sectors, therefore, this had to be taken into account when calculating the number in the sample. Proportional systematic random sampling was used, subsequently, to obtain the sample.

It was important that the final respondent sample be sizable so as to reduce bias; at the same time financial constraints had to be kept in mind. Therefore, it was decided (based on a sample size formula provided by the *Community Survey Handbook*) that a sample of about one thousand firms could yield a desirable sample size of 384, with a confidence interval of 5% and confidence level of 95% (Alberta Advanced Manpower, 1980; Sheskin, 1985). This was based on the expectation of a response rate between 50% to 60 % (500 to 600 returns) for a postal survey, as suggested,theoretically, by the *Community Survey Handbook* written by Alberta Advanced Manpower (1980). It is recognized that this rate was highly unrealistic and therefore, a lower response rate was expected.

During sampling, a common problem arose in a number of firms being listed more than once. Firstly, individuals may exist as corporations that may also enter into a partnership. Therefore, both the partnership and professional corporation were always included in the business directories. Secondly, firms were listed in more than one SIC because some firms specialized in more than one product/service and were categorized under both SIC. Care had to be taken to identify this problem.

The final sample selected was 1,280 firms. However, 324 firms were not contacted for the following reasons:

- 286 questionnaires were returned by Canada Post as being undelivered due to the reasons that these firms were non-existent or the firms had relocated without a forwarding address. This reflected a substantial amount of movement and reorganization amongst the small businesses in Edmonton.

- 53 firms could not be contacted because the office was closed or the owner was on holidays.

Therefore, a total of 903 firms were presumed to have received the survey. Out of the 903 firms, 210 questionnaires were returned. However, 9 questionnaires had to be rejected due to inadequate answers and questionable business characteristics which did not conform to the required definition of a small business in the study. Therefore, a final number of usable questionnaires was 201. This meant that the response rate was 22.26%. In the three study areas, there was a total of 4,765 retail firms and 8,268 services firms (ratio = 1:1.75) in the population. In the sample obtained, there were 76 retail firms and 125 services firms (ratio = 1:1.6).Therefore, between the sectors, the the population was well represented by the sample. Between the study areas, 92% (11,953) of the population was in Edmonton, 5% (682) was in Sherwood Park and 3% (398) was in Spruce Grove. The sample yielded 130 Edmonton firms (65% of sample), 52 Sherwood Park firms (26%) and 18 Spruce Grove firms (9%). The sample, therefore, showed that Sherwood Park and Spruce Grove were very well represented as the response was very good from these two areas, while Edmonton yielded a good absolute number of 130 firms but the response was not as good as the other two areas proportionally.

According to Statistics Canada (1984), the number of retail and services firms with revenues less than 2 million dollars (the majority of the respondent firms were in this revenue size) in Alberta in 1984 were 20,692 and 30,174 respectively. Assuming that half of the firms in Alberta is located in the two major cities of Edmonton and

Calgary, this implies that there are approximately 12,000 retail and services firms in each of the major city. This estimate is very close to the number of 13,033 identified in this study. Statistics Canada does not readily provide small business data on Edmonton, therefore, it was not possible to perform any other comparisons. Effort was made to obtain Edmonton data through the Civic Census, but the census only offers household and not commercial statistics.

Amongst the reasons given for some of the firms' non-participation in the survey were:

- owners felt that the survey was inappropriate for their business.
- owners refused to co-operate because they did not want to impart any information (even though confidentiality and anonymity was stressed in the covering letter and during follow-up).
- firms were in the midst of closing or relocating to other parts of the country.
- a large majority of retail chain stores, located in shopping malls, were operated by managers who were not authorized to release any information. The managers were unwilling to participate because they had to contact their head office for permission.

The questionnaire was tested on 10 firms before distribution. In addition, all the questions were submitted to an ethics committee consisting of various faculty academics for approval. The comments from both the business people and academics were used to edit and improve the design and structure of the questionnaire. It was found that, on average, the 10 business owners completed the questionnaire within 45 minutes.

The final version of the questionnaire included a covering letter explaining the study and its purpose. In addition, the letter cited that confidentiality and anonymity were assured in the collection and analysis of the data. The questionnaire, including the covering letter, amounted to twelve letter size pages. In order to minimise the weight and pages of the questionnaire which, in turn, affected postal costs and printing costs, the twelve pages were reduced so that two pages could be printed on one legal size page.This would reduce the number of sides printed to six pages, in addition, both sides of the paper were utilized during printing.The questionnaire and a postage paid return envelope was delivered to the firms by the postal service.

The questionnaires were distributed between the middle of November 1991 and the end of Febuary 1992. Telephone contact was made to elicit co-operation as well as to inform the businesses that data collected would be treated with confidentiality and anonymity However, as mentioned, some owners were still reluctant to participate even after being briefed by the researcher. A second reminder telephone call, after the firm had received the questionnaire was also made. The last of the questionnaires was returned in May 1992.

3.2.3 Questionnaire and Data Collection

A comprehensive questionnaire, divided into seven sections was developed which comprised both closed and open-ended questions as well as semantic preferential scale items. There were, however, eight sections in the final questionnaire because of the inclusion of research questions on competitive strategies formulated by academic staff in the Faculty of Business. (For a detailed account of the questions asked, please refer to Appendix 1).

Section 1 consisted of questions about the company's characteristics because it is important to understand what the firm is selling, its year of establishment and whether it functions as an independent firm, subsidiary or headquarters.

Section 2 provided data about the workforce which the firm employs. The questions were constructed to obtain information on full-time employment, part-time employment and gender differences in both categories of employment. The significance of part-time and female employment in the workforce could be better understood in small firms especially where it is believed that the retail and services sectors employ a substantial amount of part-timers and women. In addition, questions were designed to obtain information on the skill level of both the male and female workforce. Questions were also asked about the hiring and reduction of a workforce in terms of the history of the firm because it is believed that new small firms have the tendency to create new jobs in their early years.

Section 3 dealt with the questions on firm performance in terms of revenues , research and development and customer satisfaction.

Section 4 comprised questions dealing with the firm's market orientation, whether it sold the majority of its product/service in domestic or foreign markets.

Section 5 was concerned with the various locational factors that would influence the location selection process. There were a total of thirty factors under seven sub-headings: locational, site, urban /public services, labour supply, government influences and other factors. The locational questions utilized the Likert scale ranging from 1 (extremely important) to 5 (no importance). In addition, the firms were asked to rank the five most important factors that would affect their location decision process as well as the five least influential factors that would play a role in affecting their decisions. Questions were also asked to enquire whether research was carried out before deciding on their location.

Section 6 provided data on information about the entrepreneur. The information obtained were personal characteristics such as sex, age, educational level, number of previous jobs held, previous work experience. In addition, questions were constructed to understand the reasons for leaving their jobs and for starting their businesses. Information was also obtained about the entrepreneur's major source of funding for establishing their businesses as well as perceived problems and constraints in succeeding and expanding their businesses.

Section 7 consisted of questions from the Faculty of Business

Section 8 provided information on the firms' opinions on government assistance. Questions were asked on how and where management and financial assistance was obtained and the preferred level of govenment to give financial and management support to small businesses.Also the firms were asked to rank on the Likert scale the helpfulness and constraints of government measures.

The returned questionnaires had to be organized into computable data.. The closed-ended questions required an appropriate coding scheme, in addition, the answers to open-ended questions were subjected to content analysis and subsequently a coding scheme in the form of a codebook was constructed. The codebook was the primary guide used during the coding process.It was utilized also during the analysis to locate the variables and interpret the analyzed coded data.

3.2.4 Statistical Procedures

The data collected was processed by using the SPSS-X (Statistical Package for the Social Sciences). The SPSS package was especially efficient in generating frequency distributions quickly.

The data was described by both descriptive and inferential statistics. The descriptive statistics were presented in the form of frequency tables and diagrams. The calculation of inferential statistics included the non-parametric chi-square test of significance. The chi-square test is based on the acceptance or rejection of the null hypothesis of no difference which assumes that there is no difference between the two samples other than the influence of chance. The research hypotheses specified in Section

2.3 will be examined with the chi-square test. Calculations of the chi-square tests for the research hypotheses are presented in Appendix 4.

The chi-square test is used widely in Geography. Even though, this test is not as powerful as the parametric tests, this weakness is compensated by its simple data requirements (Shaw and Wheeler, 1985). In addition, the test of significance gives a clearer understanding of the data (Babbie, 1973). However, the significance test usually assumes the absence of non-sampling errors which is a questionable assumption in most empirical measurement (Babbie, 1973).

CHAPTER 4.

RESULTS AND ANALYSIS

This chapter comprises three sections. The first section discusses the economic changes experienced through the 1980s. This outline of Alberta's economic performance in the last decade, will assist in the understanding of the changes in the number of retail and services firms during this period. The second section presents the changes in the population of small retail and services firms from 1982 to 1989 (based on the VIP Contacts directories). In addition, the changes of the new and older firms were analysed over the period. The third section presents the findings of the survey administered and the results also indicate whether the hypotheses, based on previous literature, could be accepted or not.

4.1 Recessionary Influences in the Eighties

In the 1970s, increased investment in the energy sector encouraged growth and expansion in the Alberta economy. This increase in energy and energy-related investment in the province meant that the economy would become more vulnerable to factors such as high interest rates or unfavourable energy policies.

Subsequently, during the eighties, Alberta experienced major fluctuations in this economy. In 1982, the beginning of a deep and persistent downturn commenced that did not show any significant recovery until 1985. In fact, the downturn affected many sectors of the economy such as the retail trade where merchants and the public alike, had adopted a-less-is-more attitude through the 1980s, abandoning the carefree spending of the early 1970s (The Edmonton Journal, February 2, 1982). By 1985, Albertans felt that they had made it through the worst of the recession. The National Energy Program had been replaced by new oil and gas agreements that would foster growth. Just as the economy was witnessing a slow recovery, shaky world oil prices would cause another downturn (The Edmonton Journal, February, 11, 1986). However, it must be pointed out that the 1982 recession was much deeper and longer than the one experienced in 1986, even though energy and grain prices, in 1982, were fairly stable.

Mansell and Percy (1990) perceptively outlined some of the significant causes for the province's downturns.However, they emphasized that contrary to common perception, the determinants of the performance and structural characteristics of a resource-based economy, such as Alberta's, are numerous and complex. Therefore, it is not a simple task to identify all of the factors that caused these downturns.

The shifts in resource prices and policies and external demands for the province's resources have affected its economic performance. The influence of interest rates and policy changes in other regions (especially those that purchase much of Alberta's resources) would affect also the overall levels of investment and exports. Carmichael (1986) suggested that the low international prices of Alberta's resource products (agriculture and petroleum) were the dominant cause of the poor performance of Western Canada. He also noted that federal monetary and fiscal policies affecting interest rates and the external value of the Canadian dollar had contributed greatly to the vulnerability and stability of the Western provinces.

Besides giving reasons for the downturns in the eighties, Mansell and Percy (1990) also examined why the downturn in the early eighties was more severe than in 1986 and why the province could recover more quickly from that slump which was dominated by the collapse of energy and agricultural prices. Basically, the recession of 1982 had its roots in the seventies, and the economy then was more immature than in the late eighties.Since the early eighties, several structural changes have resulted. An important stabilizing change has been the shift in employment from goods production to services. Mansell and Percy (1990) felt that this shift towards services should be advantageous as the service sector is not as vulnerable to externally determined factors such as commodity prices. Also, substantial diversification activities have resulted in new markets and a wider range of products produced. However, it must be recognized that services in Alberta are still dependent on income generated by basic exporting goods sectors. The diversification into petrochemicals, forestry products and commercial equipment have broadened the economic base. The diversifications in these industries have been undertaken by large corporations, however, in recent years the small business sector has become a significant force in the diversification process. Small firms have become more dominant in some areas of manufacturing (wood products, furniture and fixtures, electrical products), communications and personal services. In addition, provincial policies have been instrumental in facilitating growth of the small business sector. Government agencies have in some instances, set up research centres in areas dealing with high-technology.

4.2 The Population of Small Retail and Services Firms

The retail and services firms were defined, broadly,by the major Standard Industrial Codes (SIC) headings that are defined by the first two digits in each category.

These SIC categories were divided further into more detailed sub-categories (defined by four digits). The number of all existing (new and old) small retail and services firms was calculated and compiled for each volume.The results are presented in Appendix 2.

It must be noted that certain sub-categories were excluded due to the fact that these sub-categories were not the result of entrepreneurial activities. The following sub-categories were, therefore excluded: Hospitals, Elementary and High schools, Colleges and Universities, Botanical and Zoological gardens, Associations and Organizations.

Based on this compilation of the population of small retail and services firms, the changes in the populations of both the retail and services sectors from 1982 to 1989 were calculated. In addition, the changes in the number of new firms for the two sectors were analysed. The results are presented in the following sections.

4.2.1 Population Change in Firms (Excluding New)

As mentioned in section 3.1.1, the small firms were categorized into three groups: new, one to five years old and over five years old. This section is concerned with the latter two groups of firms. Also, the number of small firms were compiled for the two sectors. The results are presented in Table 4.

Table 4 Change in the Number of Older Retail and Services Firms between 1982 and 1989.

RETAIL FIRMS		CHANGE IN %	SERVICES FIRMS	CHANGE IN %
Year				
82	5447		9583	
		6%		-11%
83/84*	5748		8541	
		-22%		-17%
85	4491		7107	
		-14%		-11%
86/87*	3897		6336	
		31%		59%
88	5124		10,098	
		-5%		-25%
89	4893		7535	

Source: Contacts Influential and VIP Contacts, 1982 - 89

* Only one volume was published in these years.

In 1982, there was 5,447 retail firms and the number increased to 5,748 in 1983/84. There was an absolute increase of 301 retail firms between the two years. In 1985, however, there was a decrease compared with 1983/84. This reduction resulted in 4,491 retail firms in 1985, representing a loss of 1,257 firms or a 22% decrease.This trend continued into 1986/87, where there were only 3,897 retail firms. Therefore, there was a loss of 594 firms (-14%) from the previous year. However, in 1988, a dramatic increase in the number of retail firms occurred. The difference between 1986/87 and 1988 was a 31% increase, which was a gain of 1,227 retail firms. But in the following year, 1989, the number of firms decreased again slightly to 4,893, resulting in a loss of 231 retail firms or a decline of 5%.

A summary of the overall changes for the retail sector between 1982 and 1989 showed that the only periods registering increases in the number of firms were 1982 to 1983/84 and 1986/87 to 1988 and the periods that experienced decreases in the number of firms were 1983/84 to 1985, 1985 to 1986/87 and 1988 to 1989.

The changes in the number of small firms were calculated also for the services sector. In 1982, there was 9,583 services firms but in the following year, 1983/84, this number decreased to 8,541 services firms. This meant that there was 11% reduction or an absolute decrease of 1,042 services firms. Moreover, in 1985, the number of services firms decreased again to 7,107, which indicated a larger loss of 1,434 or 17% of the firms. This trend persisted into 1986/87 where the total number of services firms was 6,336 indicating a loss of 771 firms or a 11% decrease from 1985. However, in 1988, a dramatic increase occurred when there was a gain of 3,762 services firms since 1986/87. This was a 59% increase, bringing 1988's total of services firms to 10,098. In 1989, the number of firms decreased to 7,535 resulting in a loss of 2,563 firms.

The overall trend of the number of services firms indicated a decline through the entire period. The only time of increase in the number of services firms was between 1986/87 and 1988.

Comparing the percentage changes of the retail and services sectors, there was a similar trend from 1983/84 onwards. The only time that there was an opposite trend between the two sectors was between 1982 and 1983/84. In the retail sector, there was a 6% increase but the services sector recorded an 11% decrease. The service sector, therefore, seems to have experienced the recessionary pressures much sooner than the retail sector. A lag effect seems to have occurred for the retail sector because the percentage of retail firms only decreased after 83/84. The Alberta economy started to show some recovery in 1985, but in 1986, another downturn occurred. However, both sectors did not see a decline in the percentage of firms until 1988 onwards. In fact, between 1986/87 and 1988 the retail and service sectors were experiencing 31% and 59% increases respectively in the number of firms. The downturn in 1986 apparently did not have an immediate effect on both sectors. Among the years that possessed similar changes in the two sectors, there were, however, differences in the extent of the changes. Between 1986/87 and 1988, both sectors experienced an increase in the number of firms but the retail sector had a lower percentage change compared with the services sector. The retail sector experienced a 31% increase whereas the services sector indicated a 59% increase, almost 30% more than the retail sector. In addition, between 1988 and 1989, the retail sector had a 5% reduction. This was not as severe as the services sector's 25% loss. The services sector seemed to experience these changes to a greater degree compared with the retail sector, especially from 1988 onwards.

During recession times, the services sector seems to be more severely affected compared with the retail sector, especially between 1988 and 1989. Yet during periods of recovery, the services sector has shown greater growth.

4.2.2 Population Change in New Firms

The number of new firms in both sectors between 1982 and1989 was also calculated and the results are tabulated in Table 5.

In the retail sector there was a total of 813 new firms created during this period. In 1982, there were 72 new retail firms recorded and in 1983/84, there was a total of 90 new firms. This represented an increase of 18 new firms. But in 1985, the number of new firms created decreased to 39 resulting in a -56% change. However, the number of new firms rose to 206 in 1986/87 indicating an enormous increase of 428%. In 1988, there was a total of 218 new firms, which was quite similar to 1986/87, representing a modest 6% increase from the previous year. And in 1989, a decrease of 14% was recorded in the number of new firms.

Table 5 Change in the Number of New Retail and Services Firms between 1982 and 1989.

RETAIL FIRMS		CHANGE IN %	SERVICES FIRMS	CHANGE IN %
Year				
82	72		114	
		25%		11%
83/84*	90		126	
		-56%		-56%
85	39		55	
		428%		696%
86/87*	206		438	
		6%		42%
88	218		624	
		-14%		-64%
89	188		224	

Source: Contacts Influential and VIP Contacts, 1982 - 89

There was a total of 1,581 new firms recorded in the services sector between 1982 and 1989. In 1982, there were 114 new firms and in 1983/84, a total of 126 new firms was recorded. This represented an increase of 11%. However, in the next year, 1985, there was a 56% decrease in the number of new firms when there were only 55 new firms created. An enormous increase existed in 1986/87 when the number of new services firms soared to 438, indicating a 696% increase. Also in 1988, the number of new firms increased again to 624, giving a 42% increase from the previous year. However, this trend of increase ends in 1988; in 1989, there was a large decrease of the number of new services firms when there were only 224 new firms, compared with the 624 new services firms created in 1988.

Overall, there was a similar trend between the years in both sectors. However, the percentage changes differ greatly in certain years. The percentage for the retail sector between 1982 and 1983/84 was a 25% gain, meanwhile the service sector recorded a slightly lower percentage, 11%. Between 1985 and 1986/87, dramatic increases in the number of new firms were experienced by both the retail and services sectors. However, the percentage change for the services sector was greater (696%) than the 428% experienced in the retail sector. There was also a difference in the percentage values in the two sectors between 1986/87 and 1988. The retail sector saw a 6% increase wheras the services sector's increase was 42%, which was a much greater increase. In addition, between 1988 and 1989, the two sectors experienced a decrease in the number of firms but the decrease in the services sector was much greater (-64%) than the retail sector (-14%).

Generally, it was observed that when the services sector experienced an increase or decrease in the number of new firms, the percentages showed that the services sector experienced a much greater change than the retail sector. As mentioned in section 4.1.1, this trend was also observed in the change in the number of the older firms.

There are possible reasons why the retail and service sectors may have reacted differently to the two recessions. In an interview conducted with city planner, Angela Hingston, she suggested that the service sector is dominated by more independently-owned firms. In the retail sector, however, stores are usually national retail chains owned and controlled from Eastern Canada and the U. S.. Therefore, in times of recession, independently-owned service businesses are more likely to close down. Retail chain stores are more capable of waiting out a recession. This difference between the sectors may explain why the service sector seems to be more sensitive to recessions. Comparing the 1982 and 1986 recessions, the service sector was responding very quickly to the downturn in 1982, yet the downturn of 1986 did not seem to have an immediate effect on this sector. A probable reason for this occurrance could have been due to the rise in competition between the malls in the city. New projects to revitalize the downtown area were planned by the city, malls around the city and malls were renovating to stay competitive with each other. As well, the development of the West Edmonton Mall may have caused the other malls to be more aggressive in trying to capture marketshare. In addition, an interview, with Doug Wright, Director of Provincial Affairs, of the Canadian Federation of Small Businesses, suggested that in the mid-1980s structural changes have occurred in the form of corporate downsizing. Many executives with consulting experience were "pushed" into self-employment. Also, the growth of new technologies has given rise to more flexible and specialized businesses. Therefore, this might also be a reason why the service sector seemed to expand to a greater degree compared with the retail sector.

The quality of data must also be discussed at this point. There are major discrepancy between the growth in the population of firms older than one year and the change in the population of new firms. Looking at Table 4, between the years that experienced increases in older firms (greater than one year), these increases are considerably larger than the number of new firms created in that same periods. Therefore, this problem seems to imply that the data quality is quite poor and therefore advanced statistical analysis would not be feasible. Recount and checks were made to eliminate counting and compiling errors. Efforts were made to contact VIP Marketing Inc., the publisher, by telephone. However, the telephone number was found to be disconnected through the telephone operator at Ed Tel. Effort was also made, on the part of the telephone operator, to find the company name and possibly a new number. It was concluded by the telephone operator that the company probably does not exist any longer since she was unable to find the company on their client list.

4.3 Results and Analysis of Survey

This section will present the findings of the survey administered to the firms in the three study areas. The findings are divided into seven sub-sections: Firm characteristics; Employment; Product information; Market orientation; Locational factors; Entrepreneurial information and Government involvment.

In addition, the hypotheses will be evaluated in their respective sections, and, some of the findings will be compared with previous studies.

4.3.1 Firm Characteristics

A. Location

The total number of usable returned questionnaires was 201. Out of these,130 firms were located in Edmonton, 52 firms were in Sherwood Park and 18 firms were located in Spruce Grove.

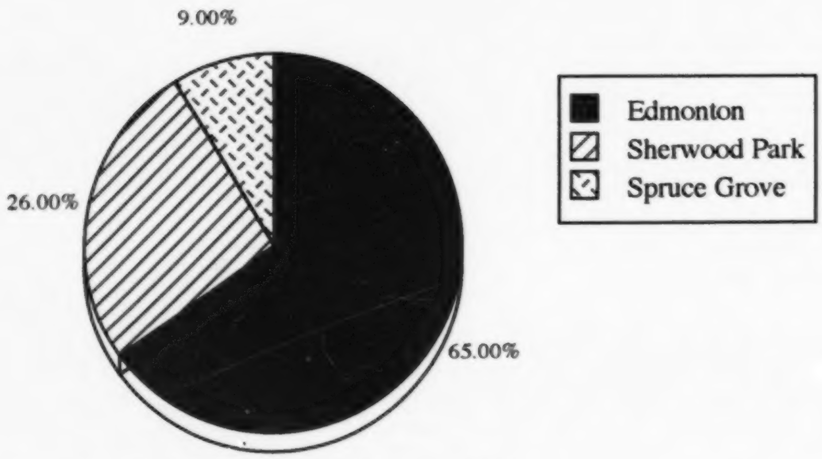

Figure 2. Distribution of Sample in the Three Study Areas.

B. Sectoral Distribution

The retail and services sectors were identified in Section 3.2.1. The number of small firms in the retail sector was 4,357, while the service sector comprised 7,596 small firms. Section 3.2.2 outlines the provision made during sampling to ensure that the sample would be proportional to the two sectors' populations. Out of the 201 replies, 37.6% (76) were operating in the retail sector and 62.2% (125) were services sector firms. The retail sector was categorized by the following SIC sub-categories:

52 - Building Materials, Hardware, Garden Supplies and Mobile Home Dealers
53 - General Merchandise Stores
54 - Food Stores
55 - Auto Dealers and Gasoline Service Stations
56 - Apparel and Accessory Stores
57 - Furniture, Home Furnishings and Equipment Stores
58 - Eating and Drinking Places
59 - Miscellaneous Retail

Figure 3. gives a graphical breakdown of the number of respondent firms in these retail sub-categories.

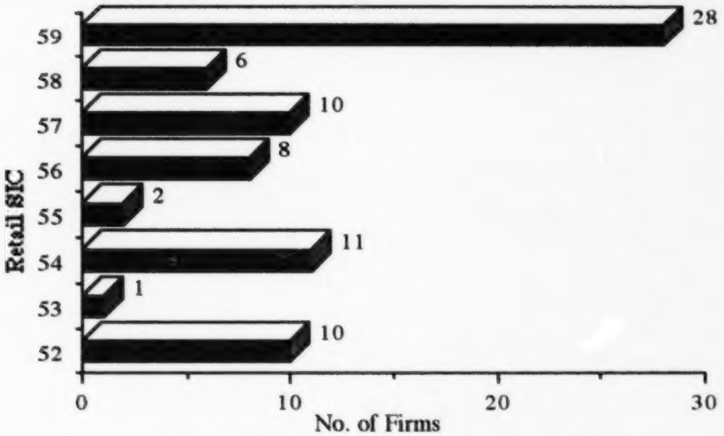

Figure 3. The Number of Retail Respondent Firms.

The services sector comprises the following sub-categories:

70 - Hotels, Rooming Houses, Camps and other Lodging places
72 - Personal Services
73 - Business Services
75 - Auto Repair, Services and Garage
76 - Miscellaneous Repair Services
78 - Motion Pictures
79 - Amusement and Recreation Services except Motion Pictures
80 - Health Services
81 - Legal Services
82 - Educational Services
83 - Social Services
84 - Museums, Art Galleries, Botanical and Zoological Gardens
86 - Membership Organizations
89 - Miscellaneous Services

Figure 4. illustrates the number of respondent firms involved in services.

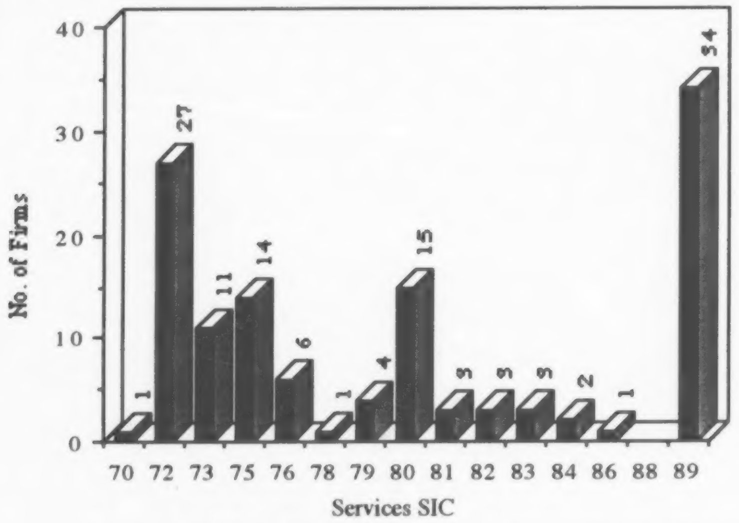

Figure 4. The Number of Services Respondent Firms.

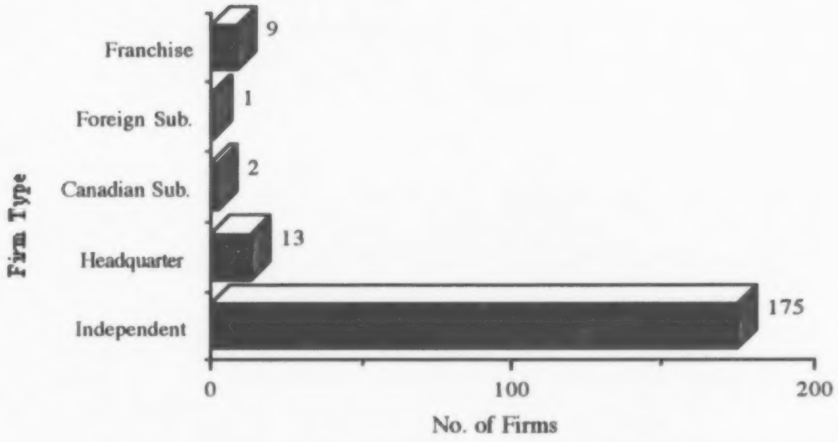

Figure 5. Distribution by Firm Type.

C. Type of Firm

The bulk of the respondent firms were independent businesses with 87% or 175 businesses categorizing themselves as independent firms.(Figure 5). The definition of an independent firm is one where the firm is the sole enterprise in the company and privately owned by one or more entrepreneurs.

The next highest group of respondent firms belonged in the headquarters category. Comparative to the percentage of independent firms, the headquarter firms was only 6.5% of the sample. Franchises ranked as the next group of respondent firms registering 4.6% of the sample. The three remaining firms were two Canadian-owned subsidiaries and one foreign-owned subsidiary.

The respondent firms that were headquarters also identified the number of subsidiaries they had established. Six headquarters had established one subsidiary with four headquarters possessing five and more subsidiaries. The locations of the subsidiaries owned by these Edmonton headquarters ranged from within Edmonton to outside of Canada.

In terms of the headquarters' locations of the Edmonton based subsidiaries and franchises, the following information was recorded: the majority of the headquarters were located outside of Edmonton proper, with 11 respondent firms registering headquarters located in Canada other than the city of Edmonton and only two respondent firms possessing headquarters operating out of Edmonton.

D. Year of Establishment

The majority of respondent firms were established in the 1980s and the decades prior (Figure 6). Seventy two firms were established before 1980. Between 1980 and 1984, 51 firms were established and 59 firms reported the time of establishment as between 1985 and 1989. In total, the number of respondent firms establishing on and before 1989 was 182. The number of new firms was drastically lower with only 14 of the respondents establishing their firms between 1990 and the time of the survey.

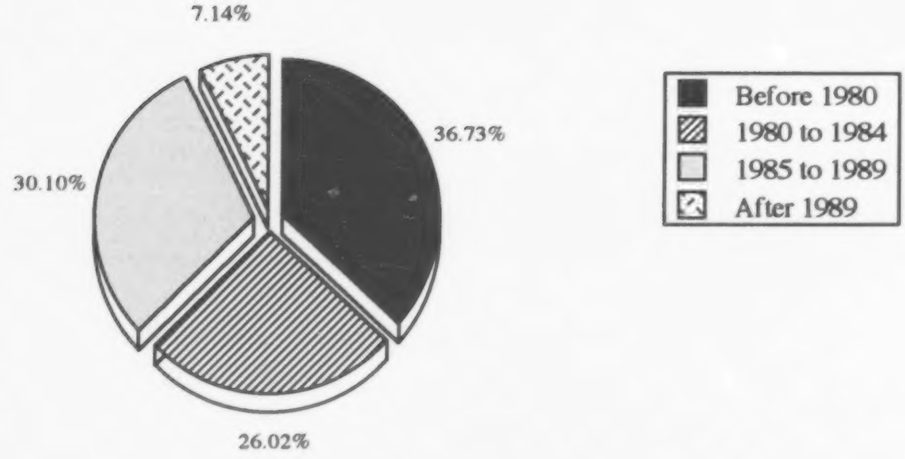

Figure 6. Distribution of the Year of Establishment.

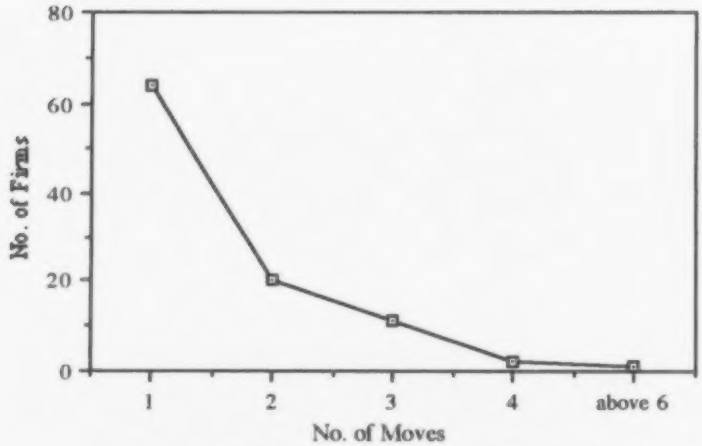

Figure 7. Distribution of the Number of Relocations.

E. Mobility

The respondent firms were asked to state the number of times they had relocated before their present location (Figure 7). Ninty-seven (48%) firms did not relocate before their present site, however, another 98 firms had located elsewhere before. Sixty-four firms experienced only one prior location change and 20 firms located twice before.

There was only one firm that experienced six locational changes. In this sample, therefore, only half of the firms had undergone relocation. Of the firms that experienced relocation change, the majority had only moved once prior to their present location.

F. Revenue

The responses to this question concerning the firm's approximate annual gross revenues were much better than expected given that small firms are seemingly reluctant to disclose financial information.

The majority of the firms, a total of 172 firms, were receiving annual gross revenues of under one million dollars (Figure 8). In contrast, there were only 9 firms that received two to five million dollars and five other firms earned more than five million dollars in annual gross revenues.

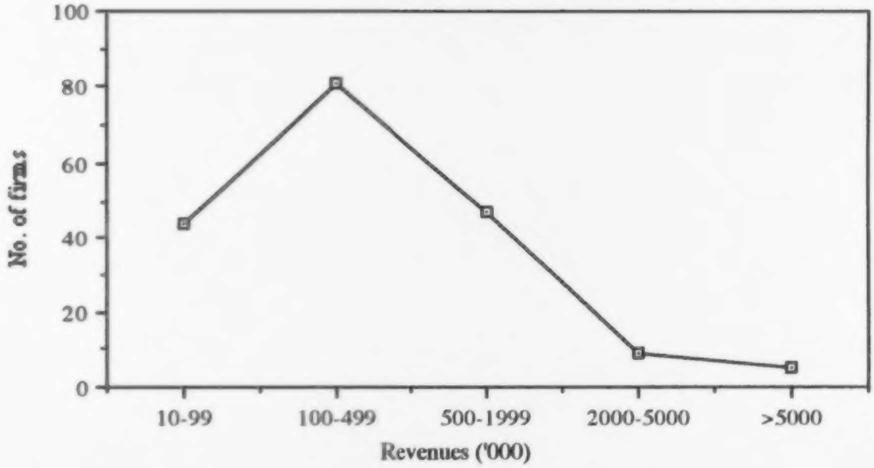

Figure 8. Distribution of Firms' Annual Revenues.

G. Summary

The majority of the small firms were independent businesses. These businesses were the sole enterprise in the company and privately-owned by one or more entrepreneurs. Headquarters, franchises and subsidiaries were among the other types of firms in the sample. However, the number of headquarters, franchises and subsidiaries was much fewer than that of independently-owned businesses. In terms of age, a great number of firms were established in the 1980s and the decades prior. The number of relocations that a small firm experienced was also examined. In this study, only half of the sample had moved previously, moreover, the majority had only moved once before locating at its present site. In terms of revenue, most of these small firms were earning less than one million dollars in annual gross revenue.

4.3.2 Employment

The study's definition of a small business is a small firm that employed less than 50 full-time and part-time employees. Full-time employment is defined as working for over 30 hours per week and part-time employment is defined as working for less than 30 hours per week (these definitions are used in Statistics Canada labour publications). The data collected was categorized into five major employment groups: 1-5 workers, 6-10 workers, 11-25 workers, 26-50 workers. The following hypotheses concerning employment will also be discussed in their respective sections.

A. Full-time Employment

Out of the 201 respondent firms, 12% did not report employing any full-time workers. However, 58% of the firms (116 firms) did employ 1 to 5 full-time workers. In contrast, only 17% of the firms employed workers in the next category (6 to 10 workers). In the 11-25 full-time category, only 7% of the firms was involved in this category of employment. In addition, only 4% of the firms had employed 26-50 full-timers. The data illustrated in Figure 9, therefore, indicated that 75% of the small firms tend to employ below 10 full-time employees.

B. Part-time Employment

In comparison to full-time employment, there was a greater number of firms (61 firms or 30%) that were not involved in part-time employment. However, in the 1 to 5 category, there were 117 firms employing part-timers, which was similar to the number of firms employing full-timers. In the 6 to 10 category, however, there was a sharp decline with only 15 firms engaged in this category. Small numbers of firms also characterize the next two categories.

Comparing full-time and part-time employment, there appears to be a great similarity in the number of firms employing 1 to 5 workers. Examining Figure 9, there was a greater number of firms, a total of 58, that was engaged in full-time employment in the 6 to 10, 11 to 25 and 26 to 50 categories as compared to a total of 20 firms in part-time employment. Therefore, in the larger job categories, more firms were

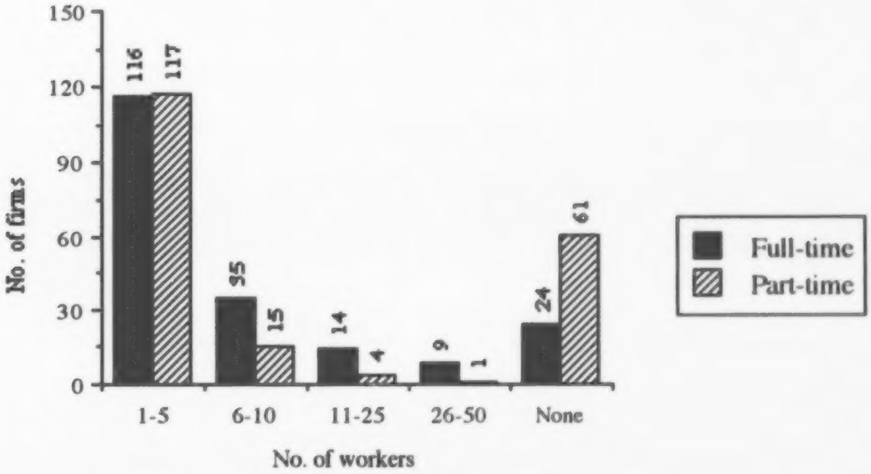

Figure 9. Distribution of Part-time and Full-time Employment.

employing full-time than part-time employees. In summary, in both full- and part-time employment, the majority of respondent firms were employing one to five employees which shows that, as expected, small firms tend to employ a small number of workers. In addition, the sample revealed that more full-timers were employed. Blackburn (1990) found that small businesses in the electronic industry were employing more full-time workers. However, Blackburn points out that studies conducted on services firms substantiate that the small firm, tends to employ a large proportion of part-time staff. Therefore, the results of this survey do not support the idea of the small firm being inclined to employ a large proportion of part-timers.

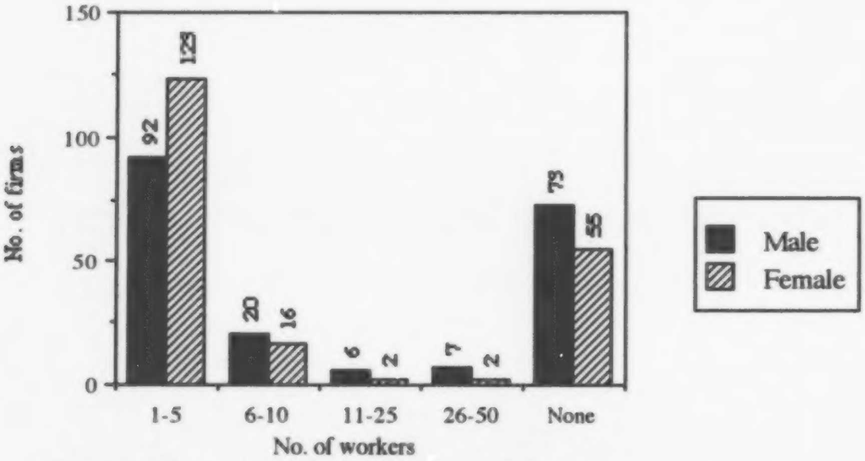

Figure 10. Distribution of Male and Female Full-time Employees.

C. Full-time Male and Female Employment

Figure 10 reveals that there was a greater number of firms not involved in the employment of male full-timers (73 firms or 36%) compared to only 27% of the firms that stated they were not employing any full-time females. In addition, employment in the 1 to 5 category showed that there were more firms employing full-time females (61%) compared to the 46% of the firms engaged in employing full-time males.

However, in the other categories (6 to 50 workers), there was a greater number of the firms employing full-time males (16%) than full-time females (10%). Therefore, the smaller firms were employing more full-time females, with the larger firms favouring more male full-time employees.

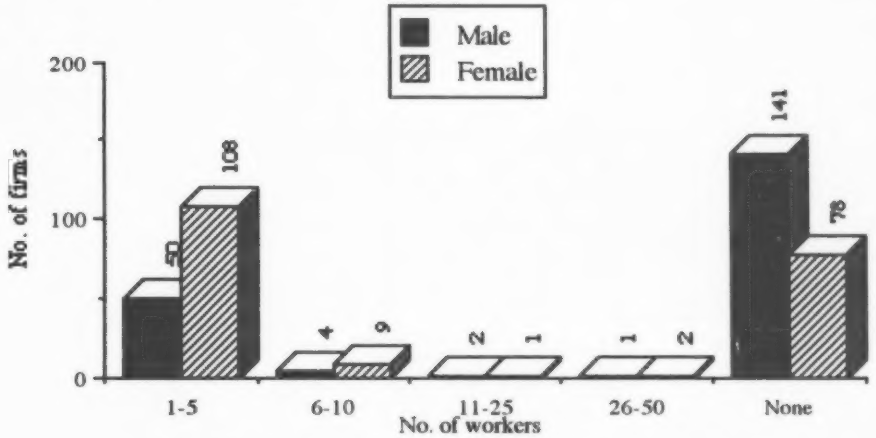

Figure 11. Distribution of Male and Female Part-time Employees.

D. Part-time Male and Female Employment

There was a distinct contrast in the number of firms engaged in the part-time male and female employment. Figure 11 shows that there was a marked difference in the number of firms employing part-timers in the 1 to 5 category. Only 25% of the firms stated that they employed part-time males, in comparison, 54% of the firms were engaged in part-time female employment. In confirmation, there was also a major difference in the number of firms not involved in part-time male employment (70%) compared with 39% of the firms not engaging in part-time female employment. Therefore, these findings supported other studies that found that females would dominate part-time employment (Howells and Green, 1986; Marshall et. al., 1987; Knight, 1988; Blackburn, 1990). This situation could be attributed to their commitment to the household and the flexibility part-time employment offers (Walters, 1989).

Research Hypothesis #1: There are more females employed in part-time positions than males.

To examine this research hypothesis, the following null hypotheses were examined.

- **There is no difference between the employment of males and females in part-time employment.**

The chi-square test statistic was calculated as 42.02 for the sample involved in part-time employment. The critical value was determined at 9.488, at 0.05 significance level and degrees of freedom was 4. As the test statistic far exceeded the critical value, the null hypothesis of no difference was rejected. Therefore, **there was a difference in the employment of males and females in part-time employment.**

- **There is no difference between the employment of males and females in full-time employment.**

The chi-square test statistic was calculated to be 12.2. At 0.05 level of significance and degrees of freedom equal to 4, the critical value was 9.488. The test statistic, therefore, fell within the rejection region. Consequently, the null hypothesis of no difference was rejected. This implied that there **was a difference between the employment of males and females in full-time employment**.

The tests of significance suggests that there were significantly more females in part-time employment, since the test statistic, 42.02, far exceeded the critical value of 9.488.. However, in full-time employment, the difference between the genders is not as great as the test statistic of 12.2 is close in value to the critical value of 9.488. Therefore, **research hypothesis #1 is accepted**.

E. Skill Level of Male and Female Workforce

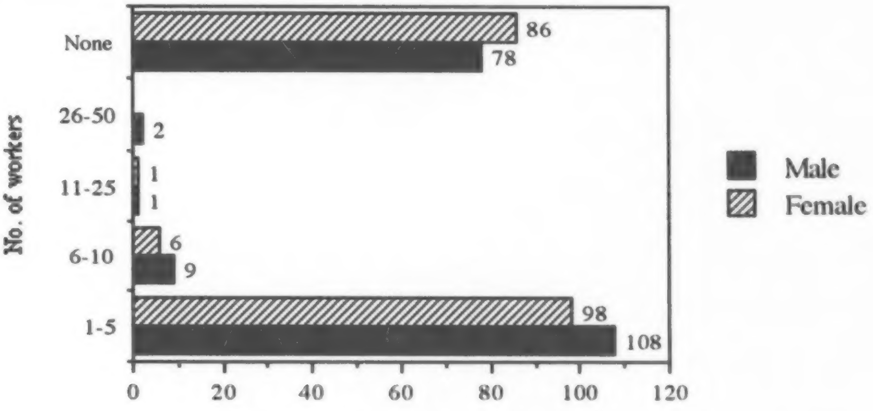

Figure 12. Distribution of Highly-skilled Employees.

Figure 12 shows the distribution of male and female employees that are highly-skilled. In each employment category, the number of male and female employees was quite similar. However, Figure 13 reveals that there was a distinct difference in the employment of males and females in the semi-skilled category. Only 19% of the firms employed 1 to 5 male workers and an overwhelming 49% was female employment. Furthermore, a much larger number of firms (137) was not involved in the employment of males compared to only 77 firms that were not employing females.

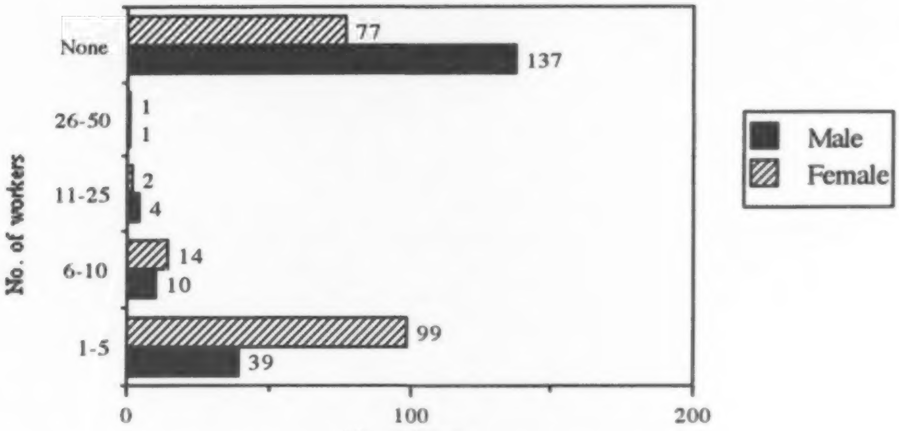

Figure 13. Distribution of Semi-skilled Employees.

Figure 14 illustrates the distribution of the firms employing unskilled workers. The number of firms involved in the employment of unskilled workers showed little difference between genders in all the employment categories.

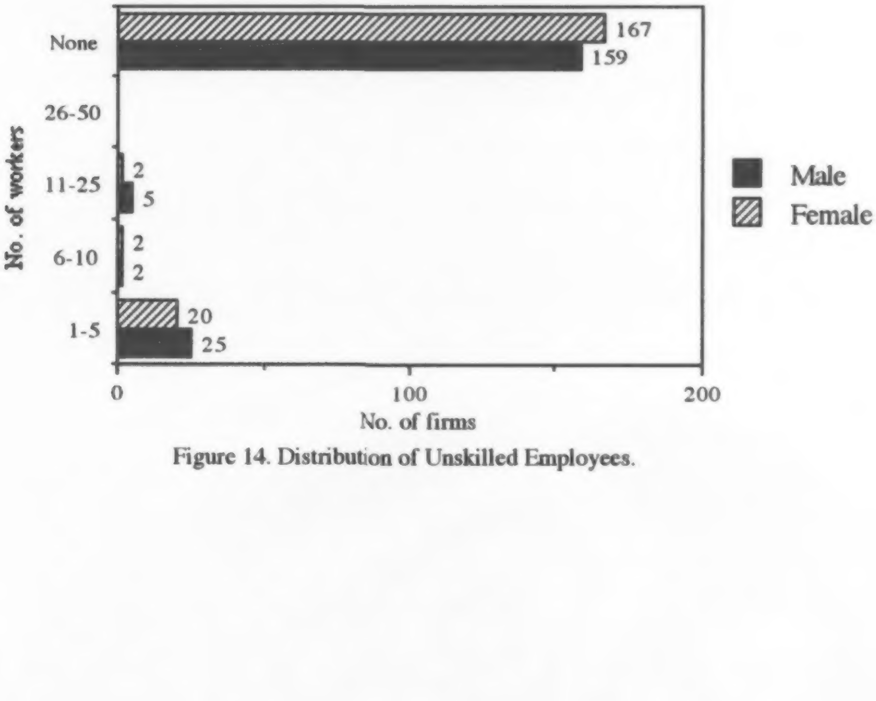

Figure 14. Distribution of Unskilled Employees.

Research Hypothesis #2: The majority of female employees are employed in the lower-skilled jobs.

The following null hypotheses, related to the the research hypothesis #2, were examined.

- **In the highly-skilled category, there is no difference in the employment of the males and females.**

The chi-square test statistic was 3.37. At 0.05 significance level and degrees of reedom = 4, the critical value was 9.488. The test statistic of 3.37 fell well short of the rejection region. Therefore, this null hypothesis was accepted, implying that there is **no significant difference between the employment of males and females in the highly-skilled category.** In fact, the number of firms was similar in all employment categories as illustrated by Figure 12.

- **In the lower skilled categories (semi-skilled and unskilled), there is no difference in the employment of males and females.**

A chi-square test was performed on the semi-skilled sample. At 0.05 significance level with the degrees of freedom = 4, the critical value was 9.488. The test statistic was calculated to be 45.34, therefore, the test statistic far exceeded the critical value, falling within the rejection region. Consequently, the null hypothesis of no difference was rejected and the **employment of the semi-skilled workforce indicated that there was a difference between the sexes.**

In the unskilled category, the test statistic was calculated to be 2.036. With four degrees of freedom and a significance level of 0.05, the critical value was 9.488. Therefore, the test statistic fell well short of the rejection region. Consequently, this implied that the small differences which exist are due to random variations.

In summary, in the semi-skilled category, there was a significant difference in the employment of males and females. But in the unskilled category, there was no difference in the employment of males and females. Therefore, **the null hypothesis can only be rejected for the semi-skilled category and the null hypothesis can only be accepted for the unskilled category.**

F. Job Opportunities from First to Tenth Year of Establishment

FULL-TIME JOBS: Full-time job changes were observed as both positive and negative changes. There was a total of six categories in full-time job opportunities. The first two categories (-1 to-5 and -6 to -10 jobs) denoted the deleting of full-time jobs. The other four categories were associated with the number of jobs created over the first ten years of the firms.

In the various categories, the number of jobs created or deleted was compared over the ten year period. The firm's early years were specified as the first to second year of establishment and the subsequent years were divided into the third to fourth year and fifth to tenth year of establishment.

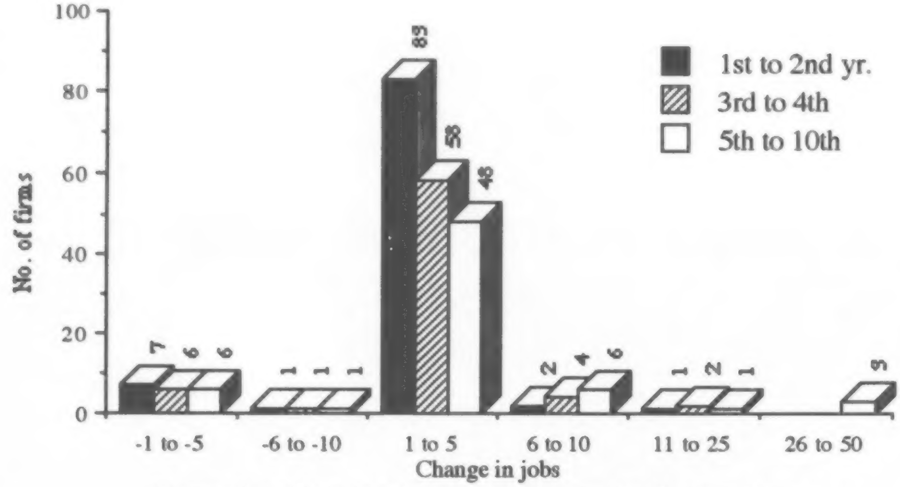

Figure 15. Full-time Employment Change over the First Ten Years.

Between the earlier and later years of establishment, the number of firms deleting 1 to 5 jobs was very similar; it was also experienced in the -6 to -10 category, as shown in Figure 15.

The number of jobs created was divided into four categories: 1 to 5, 6 to 10, 11 to 25, 26 to 50 jobs. In the first category (1 to 5), there was an obvious difference between the three time periods, as shown in Figure 15. During the first to second year of establishment, there was a total 83 firms (41%) that created 1 to 5 jobs. However, as the firm becomes older, in its third to fourth year of establishment, there was a decline in the number of firms creating jobs, with only 58 firms (29%) creating of 1 to 5 jobs. Between the fifth and tenth year of establishment, there was only 48 firms (24%) that created 1 to 5 jobs. These results indicated that job creation in the 1 to 5 jobs category occurred during the early years of establishment.

In contrast, the 6 to 10 and 26 to 50 jobs categories recorded a rise in the number of firms creating jobs in the later years. In the 6 to 10 category, only two firms recorded job creation during the first to second year. Between the third and fourth year, four firms were creating jobs and during the fifth to tenth year, there were six firms creating jobs in this job category. In the 26 to 50 category, there were three firms creating jobs during the fifth to tenth year of establishment but no firms in the first year to the fourth year of establishment were creating jobs in this category (Figure 15).

In summary, as the firm becomes older, more full-time jobs are created, especially in the 6-10 and 26-50 job categories. However, as the firm ages, in the 1-5 job category, the propensity to create jobs decreases.

PART-TIME JOBS: The part-time job changes were both negative and positive. The negative change for part-time jobs consisted of one category (-1 to -5 jobs). Looking at Figure 16, the number of firms deleting jobs in this category was quite similar through the three time periods.

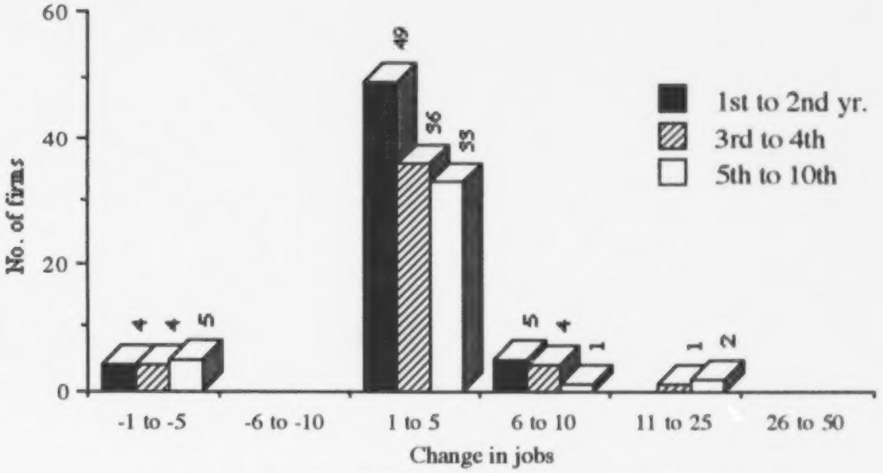

Figure 16. Part-time Employment Change over the First Ten Years.

The positive change consisted of three categories of job creation: 1to 5, 6 to 10 and 11 to 25 jobs. In the 1 to 5 and 6 to 10 categories, there was a decline in the number of firms experiencing job creation through the three periods. In the early years of establishment (first to second), there were 49 firms (24%) creating jobs in the 1 to 5 category. However, the number declined to 36 firms (18%) in the third to fourth year of establishment and 33 firms (16%) in the fifth to tenth year. In the 6 to 10 jobs category, the trend was similar. In the first two years of founding, there were five firms creating jobs; in the third to fourth year, the number decreased to four firms and there was only one firm creating jobs in the fifth to tenth year.

In contrast, Figure 16 showed that the 11 to 25 category did not experience the trend found in the 1 to 5 and 6 to 10 jobs categories. Instead, the number of firms creating jobs increased slightly in later years of establishment.

Research Hypothesis #3: More jobs are created in the early years of a small firm.

Research Hypothesis #3 was examined with the aid of the following related null hypotheses.

- **There is no difference in the number of full-time jobs created in the earlier and later years.**

The the chi-square test statistic was calculated to be 24.67. The degrees of freedom was 8, the level of significance was 0.05 and the critical value was 15.507. The test statistic was greater than the critical value which resulted in the rejection of the null hypothsis. Therefore, it can be concluded that there **was a difference in the full-time jobs between the earlier and later years**.

- **There is no difference in the number of part-time jobs created in the earlier and later years.**

For the part-time sample, the test statistic was determined at 10.97 and the critical value was 12.592 at 0.05 significance level and degrees of freedom = 6. The test statistic was less than the critical value, therefore, the null hypothesis should be accepted. This implied that there **was no difference in the creation of part-time jobs in the earlier and later years**.

Research Hypothesis #3 can be accepted, in the case of full-time job creation. However, the research hypothesis does not hold for part-time job creation. Therefore, to a certain extent, Hypothesis #3 should be accepted.

Overall, the most jobs were created in the 1 to 5 employment category. This finding supported the findings of other studies in which firms that employed fewer employees generated more new jobs (Birch, 1979; Storey, 1981). Canadian studies have also found that firms employing fewer employees were responsible for the majority of net job creation (Orr,1980; McNaughton, 1990). In addition, this study also showed that employment generation was not only affected by size but also related to the age of the firm. Firms employing in the 1 to 5 workers category tend to create more jobs in their earlier years. This finding confirmed other studies' findings which suggested that job creation is generated in the first few years of development of a firm (Firn and Swales, 1978; Gudgin, 1978; Cross, 1981; Storey, 1982).

G. Employment in the Retail Services Sectors

There was a total of 76 retail and 125 services firms. In the 1 to 5 employment category, both sectors were employing more females than males in both full-time and part-time employment. Between the two sectors, the numbers of male and female employees were very similar, with the exception of the employment of female part-timers where the retail sector was employing more female part-timers (61%) than the service sector (51%). Table 6 shows the percentages of male and female employment.

In the 6 to 10 category, comparison of the two sectors reveals that the retail firms (11%) exceeded the services firms (6%) in full-time female employment. In addition, in part-time female employment, 11% of the retail firms employed females compared with only 0.8% of the services firms. Therefore, in the 6 to 10 category, retail firms were employing more females compared to the services firms.

In the 26 to 50 employment category, the retail firms (8%) hired more full-time male employment than the services firms (0.8%). Therefore, larger retail firms (in employment size) were employing more male full-timers compared to the larger services firms.

Generally, the retail and services sectors do not differ greatly in male full-time and part-time employment but the retail sector employed more females (full-time and part-time) than the services sector in the 6-10 category. In contrast, the retail firms were employing more male full-timers than the services firms in the 26-50 category.

Therefore, these findings suggest that smaller retail firms were employing more females compared to smaller services firms. But the larger retail firms were employing more males compared to the larger services firms.

Table 6 Employment in the retail and services sectors.

	FULL-TIME		PART-TIME	
1-5 Workers	Male	Female	Male	Female
RETAIL	34 (45%)	47 (62%)	20 (26%)	46 (61%)
SERVICES	58 (46%)	76 (61%)	30 (24%)	64 (51%)
6-10 Workers				
RETAIL	8 (11%)	8 (11%)	1 (1%)	8 (11%)
SERVICES	12 (10%)	8 (6%)	3 (2%)	1 (0.8%)
11-25 Workers				
RETAIL	2 (3%)	1 (1%)	0	1 (1%)
SERVICES	4 (3%)	1 (O.8%)	2 (2%)	0
26-50 Workers				
RETAIL	6 (8%)	1 (1%)	0	1(1%)
SERVICES	1(0.8%)	1 (0.8%)	1 (0.8%)	1 (0.8%)

Source: Survey, 1991

H. Type of Employee Training

The firms were asked to indicate whether their employees had undergone any form of training. The results showed that more of the respondent firms opted for on the job training instead of formal training programmes. Figure 17 illustrates the distribution of the firms that trained their employees on the job as well as in formal training programmes.

The percentage of the firms that were training 1 to 5 employees on the job was 43%. This percentage was greater than the percentage of training 1 to 5 employees in formal training programmes which was 32%. In addition, there was a greater number of firms that were training a larger staff (consisting of 6 to 10 and above 10 employees) on the job. Twelve percent of the firms was training 6 to 10 workers on the job, but only 4.5% of the firms had trained the workers in formal programmes. In addition, only 11% of the firms trained more than 10 workers on the job and 2.5% trained their workers in formal training programmes.

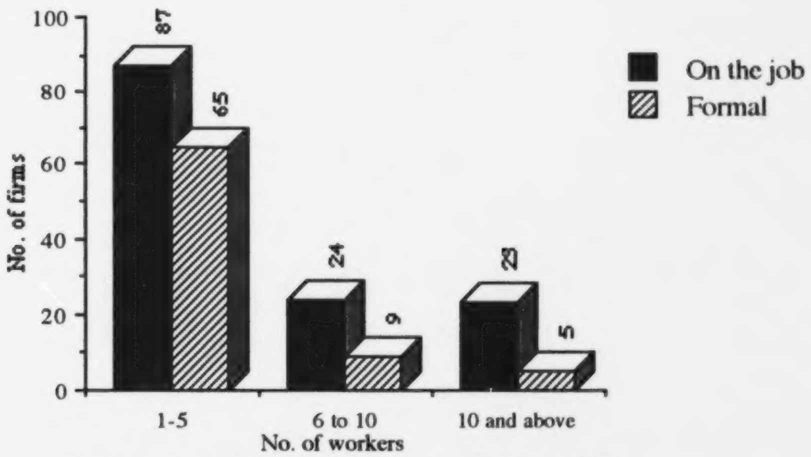

Figure 17. Distribution of Formal and On-the-job Training.

I. Summary

Seventy-five percent of the sample were employing less than ten full-time employees, in addition, the majority of the firms was also employing fewer than ten part-time workers. Comparing the number of firms engaged in employing full-timers and part-timers, there were more firms involved in full-time employment. In addition, larger firms were observed to have employed more full-timers than part-timers.

In both full-time and part-time employment, smaller firms (1-5 workers) were employing more females than males. However, the larger firms were favouring more male full-timers, but the larger firms did not employ any significant number of male part-timers. Therefore, females tend to dominate in part-time employment.

A large number of employees were found to be highly-skilled. Moreover, there was no significant difference between the number of highly-skilled male and female employees. Semi-skilled employees were the second largest group of employees, while unskilled employees were the fewest in number. With the unskilled workers, there was no significant difference in the number of males and females. However, in the semi-skilled category, female employees dominate. Therefore, among the highly-skilled and unskilled categories, gender differences were not significant; however, in the semi-skilled category, the number of females employed was overwhelming compared to male employment.

Small firms created 1-5 full-time jobs most often in the first and second year of establishment. As the firm becomes older, the propensity to create jobs (in the 1-5 job category) decreases. However, a number of firms were found to be creating a large number of jobs as they aged (3rd to 10th year). It is likely that these firms creating larger number of jobs in their older years might eventually grow to be medium-sized firms. Similarly, small firms creating the most number of part-time jobs in the first and second year of establishment, experienced a decline in job creation as the firm became older.

Generally, both the retail and services sectors were employing more females than males. However, the results suggest that the smaller retail firms employed more female part-timers compared to smaller services firms, while larger retail firms employed more full-time males than services firms of the same size.

4.3.3 Product Information and Quality

The majority of the respondent firms were not involved in research and development. Out of the 201 firms, only 54 firms were actively pursuing innovation through research and development, which was only 27% of the sample.

A. New Product / Service

The firms were asked whether they had introduced any new products and/or services over the past year. Out of the sample, 29% or 58 firms replied in the negative and an overwhelming 70% (140 firms) had introduced some form of new product/service. However, only 36 firms had introduced a product that was new and innovative into the market. Forty-eight firms had introduced a modified existing product and 56 firms started selling a product new to the company but which was an existing market product. These results seem to indicate that small firms are very versatile and inclined to introduce a changing variety of products/ services. In terms of innovation, the small retail and services firms were not considered very aggressive because only 18% (36 firms) of the sample was involved in the initial introduction of a new product/service or process.

B. Quality of Product / Service

In the area of customer satisfaction, the majority of the firms (160 or 80%) did not encounter problems, but 37 firms (18%) encountered some form of customer dissatisfaction. Twelve firms experienced complaints arising from the product/service not being able to meet the customers' expectations and standards. Another problem was, in the firm's opinion, customer dissatisfaction resulting from the customer's ignorance and unrealistic demands. In addition, 13 firms encountered problems associated with miscommunication between the customer and the firm. Two firms had customer problems associated with miscommunication and bad performance among the employees. Another two firms felt that because of time constraints, the firms could not meet the customers' demands.

C. Summary

Many of the firms had introduced some form of new product/service over the past year. This suggests that small firms are versatile and inclined to introduce a variety of products/services. However, only a small number of firms had actually introduced a product/service that was new and innovative. Therefore, the small retail and service firms are not considered to be very aggressive in innovation.

4.3.4 Market Orientation

The majority of the respondent firms were oriented toward the Edmonton region, as shown in Table 7. The largest percentage of firms, 50%, had over 75% of total unit sales in the city of Edmonton. In addition, the surrounding communities were also served by these firms; 37 firms (18%) sold over 75% of their total unit sales in these communities. In addition, 78 firms (39%) sold less than 25% of their sales in the surrounding communities.

On a regional scale, the firms also sold their products/services to the rest of Alberta and Canada. Sixty-six firms or 33% had 25% of their sales attributed to the rest of Alberta and 19% of the firms had 25% of their sales sold in the rest of Canada. Generally, the firms were not exporting aggressively, with only two firms exporting over 75% of their total unit sales. The probable reason is that the products / services produced are not suitable or feasible for export. In total, there were eight firms (4%) exporting overseas to the U.S.A., Asia-Pacific region and Europe.

Table 7. Distribution of the number of respondent firms' involved in the following markets.

Total unit sales (%)	1-25%	26-50%	51-75%	76-100%
Edmonton	29	25	12	101
Satellite municipalities	78	17	8	37
Alberta	66	10	2	5
Canada	38	4	0	4
Overseas	5	1	0	2

Source: Survey, 1991

A. Edmonton Firms

There was a total of 130 Edmonton firms of which 95 were oriented toward selling the majority (76% to 100% of total unit sales) of their products/services to Edmonton proper (Figure 18). In addition, the Edmonton firms also served the surrounding municipalities, however,the percentage of total unit sales (1% to 25%) sold in the surrounding municipalities was much lower (Figure 19). Fifty one Edmonton firms also sold their products/services within the province, but these firms only sold a small percentage of sales (1% to 25%) within Alberta (Figure 20).Also, 28 Edmonton firms sold 1% to 25% of their sales to the other parts of Canada. In addition, there were three Edmonton firms that sold 76% to 100% of total sales outside Alberta but within Canada (Figure 21).

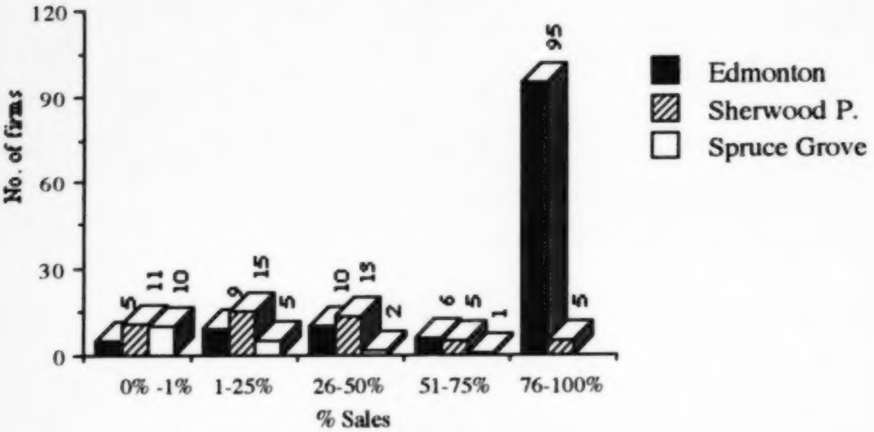

Figure 18. Total Unit Sales (%) in Edmonton.

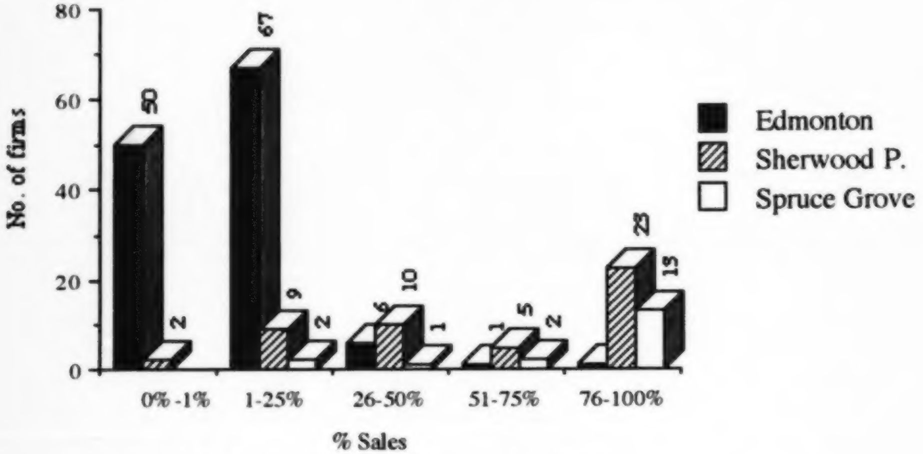

Figure 19. Total Unit Sales (%) in Surrounding Communities.

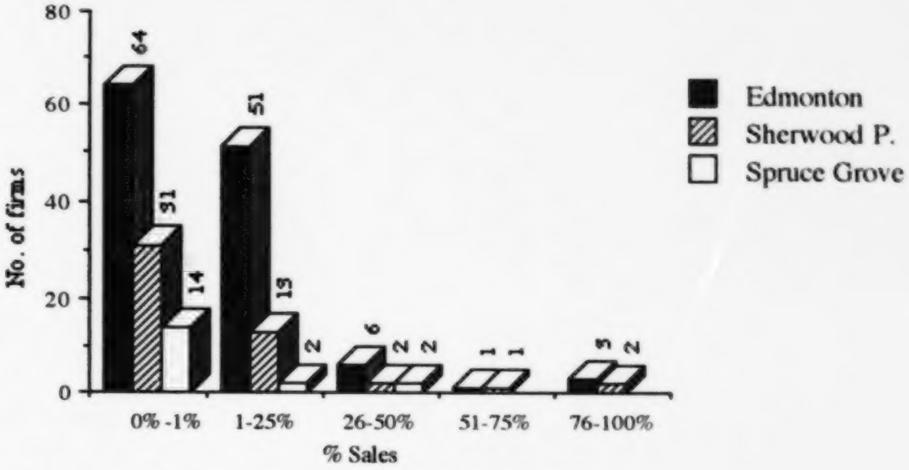

Figure 20. Total Unit Sales (%) in Alberta.

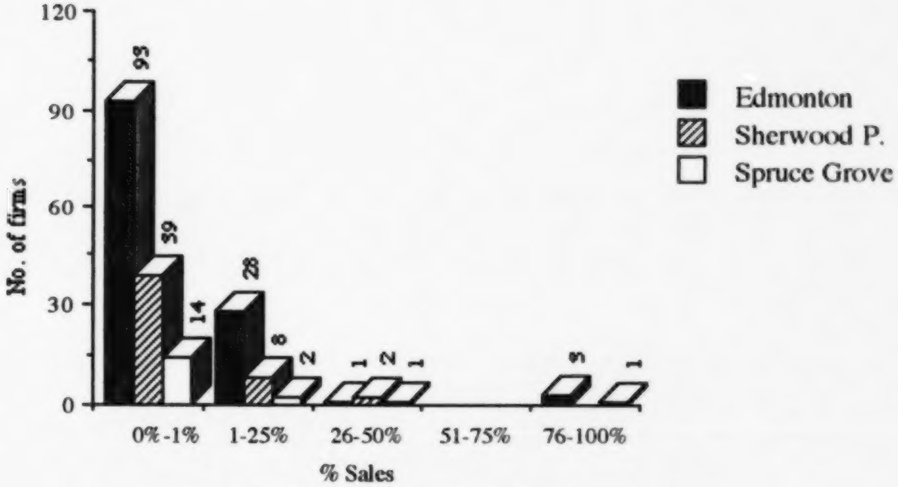

Figure 21. Total Unit Sales (%) in Canada.

B. Sherwood Park and Spruce Grove Firms

In the sample, there was a total of 52 Sherwood Park firms and 18 Spruce Grove firms.The Sherwood Park and Spruce Grove firms were more inclined to serve the surrounding municipalities; Figure 19 shows 23 Sherwood Park firms and 13 Spruce Grove firms attributed 76% to 100% of their total unit sales in these areas.

However, there were five Sherwood Park firms that had 76% to 100% of total unit sales in Edmonton (Figure 18). There were 13 Sherwood Park firms and two Spruce Grove firms that sold 1% to 25% of their sales within Alberta (Figure 20). In addition, there were eight Sherwood Park firms and two Spruce Grove firms that sold 1% to 25% of their sales to the other parts of Canada (Figure 21).

C. Market Orientation of Retail and Services Firms

There was not much difference in the market orientation between the sectors in the Edmonton, surrounding communities, Alberta and overseas markets. Looking at Table 8, the service sector was exporting more than the retail sector to the Canadian market (other than Alberta).

Table 8. Market Orientation of the retail and service sectors.

SALES (%)	1-25		26-50		51-75		76-100	
No. of retail and service firms	R	S	R	S	R	S	R	S
Edmonton	8	21	6	19	6	6	38	56
Communities	30	48	5	12	2	6	11	26
Alberta	29	37	3	7	1	1	1	4
Canada	15	23	1	3	0	0	1	3
Overseas	1	4	0	1	0	0	1	1

Source: Survey, 1991

D. Export Barriers

In response to the question asking why the majority of the firms were only involved in the domestic markets, a variety of reasons were given for not entering into overseas markets.

Four firms (2%) felt that the lack of information about overseas markets and market opportunities deterred them from exporting. One percent of the firms gave the reason that their inadequate knowledge of export procedures, laws and regulations, licensing and legal requirements, prevented them from entering the foreign markets. Limited resources was an important reason as to why these firms were only involved in domestic markets. In total 35 firms (17%) gave this reason. The most frequently cited reason for not exporting was that the products/services produced were not suitable or feasible for export; in all, 56 firms (28%) responded with this reason. Fifteen firms did not export because they were not interested in foreign markets and seven other firms felt that there was no foreign demand for their products/services. However, two firms were interested but felt that there they did not have the opportunity at this time.

E. Sub-contracting Sales

The majority of the sample, 87% (174 firms), did not attribute any percentage of their sales to sub-contracting. Only 23 firms attributed 1 to 25% of their total unit sales to sub-contracting and four other firms had more than 50% of their sales arising from sub-contracts.

Of these firms that managed sub-contracts, the major buyers were small firms employing less than 50 employees. A total of 26 firms (13%) had sub-contract sales attributed to small firms and only seven other firms (3.5%) had sub-contract sales from larger firms employing over 50 employees.

F. Summary

The Edmonton region was considered to be the major market by many of the firms, in addition, a number of the firms were also selling their products/services to the rest of Alberta and Canada. However, most firms were not actively involved in overseas markets. The responses from the survey suggested that small firms were not involved in overseas markets because the products/services sold were not suitable or feasible for export. Furthermore, some firms felt that their limited resources prevented them from exporting.

Edmonton firms sold most of their products/services within the city with lesser percentage sales in the surrounding communities. Sherwood Park and Spruce Grove firms were more inclined to serve their own communities. In comparison to Sherwood Park and Spruce Grove firms, Edmonton firms were more involved in other markets in other regions of Canada.

4.3.5 Locational Factors

A. Rating of Factors

The firms were asked to rate the importance of a list of locational factors on the scale of 1 (Extremely important) to 5 (No importance). The structure of the question is presented in Appendix 1 (question 18). This system of rating provides an understanding of the locational factors which the firms regarded as the most or least important.

The responses to the degree of importance of a list of locational factors are tabulated in Table 9. The locational factors were categorised into six major headings: locational, site, urban/public services, labour supply, government influences and other factors.

There were actually two locational factors that were most frequently rated under the category of extremely important (1). The two factors were *accessibility to customers* and *proximity to suppliers* which were chosen by 95 firms. Among the 30 factors, these two factors were first placed in frequency. Sixty-seven firms considered *population base* to be extremely important when selecting the location of their firms, making

Table 9 The number of firms responding to the Importance of the Locational factors.

1=Extremely important; 2=Very important; 3=Average importance; 4=Some importance; 5=None

	1	**2**	**3**	**4**	**5**
LOCATIONAL					
Accessibilty to customers	95^{1}	41	23	20	19
Proximity to suppliers	95^{1}	41	23	20	19
Access to roads/highways	49^{8}	39	47	31	28
Traffic flow-pedestrians/vehicles	60^{5}	36	32	30	36
Available parking facilities	50^{7}	50	40	23	29
SITE					
Potential for expansion in terms of space	14	29	68	42	40
Low rent/land prices	61^{4}	57	43	17	16
Existence of shopping centres/malls	29	22	22	34	85^{8}
Presence of magnet stores (e.g.Eatons, Bay)	16	15	26	20	116^{2}
Proximity to similar and related competitors	10	20	42	35	85^{8}
Visibility of location	62^{3}	33	32	17	50
Artistic/aesthetic qualities associated with area	22	36	53	34	46
Compatibility of adjacent businesses	24	33	55	31	51^{10}
URBAN/PUBLIC SERVICES					
Availability of telecommunication services	46^{9}	33	50	23	42
Availability of local education and training institutions	6	24	36	43	84^{9}
Technical/maintenance services	8	21	54	53	57
Employment agencies	3	2	16	43	127^{1}
Health facilities	8	11	33	38	102^{5}
Recreational and cultural opportunities	4	7	31	37	112^{3}
LABOUR					
Supply of skilled and trained labour	26	39	48	29	49
GOVERNMENT INFLUENCES					
Proximity to government agencies and depts.	6	12	28	36	108^{4}
Financial incentives	11	21	28	28	91^{7}
Available government financial and management programmes	9	14	26	45	92^{6}
OTHER FACTORS					
Population base	67^{2}	63	31	13	19
Income levels of households	43^{10}	55	45	17	31
Entrepreneur(s) residence location	34	32	48	29	48
Viable economy and potential for growth	60^{5}	62	46	15	8
Business climate	46^{9}	53	49	25	16
Knowledge of local market	54^{6}	73	39	17	10
Connections with local business community	35	54	66	26	13

NOTE: 95^{1} : 95 represents the number of firms;
(1 signifies the most popular factor).

population base the second most frequently chosen locational factor. The third most frequently selected factor (62 firms) was *visibility of location* and the fourth and fifth placed factors were *traffic flow* and *low rents/land prices* respectively.

From the responses in Table 9, the locational factors that were most often chosen for being of no importance to these firms were also identified. The factor that was most frequently selected for being unimportant was *employment agencies* with a total of 127 firms. One hundred and sixteen firms rated *presence of magnet stores* to be of no importance, resulting in this factor being the second placed factor in frequency. The third placed factor was *recreational and cultural opportunities* which 112 firms rated as unimportant. The fourth and fifth placed factors were *proximity to government agencies and departments* and *health facilities* respectively.

B. Ranking of Factors

Unlike the results of the previous sub-section, where each factor were rated individually (not ranked) for its importance, Table 10 presents the questions that dealt with the ranking and comparison of the 30 locational factors for the most and least important factors.

Table 11 represents the responses to the ranking of the five most important factors when considering the location of their firm. The factor that elicited the highest number of firms for rank 1 was *accessibiltity*, with 68 firms responding.However, 19 firms ranked *population base* as rank 1 and 13 others considered the location of the *founding entrepreneur's residence* in the rank 1 position.

The most frequently selected factor for rank 2 was *low rents/land prices* with 22 firms favouring this factor and *accessibility to customers* was also chosen by 21 firms. In addition, 14 firms chose *traffic flow* and *parking facilities* as their rank 2 factor.

Table 10. Ranking of Locational Factors

---

19. Which factors listed in question 18 do you regard as the five **most important** factors when considering the location of your firm?
(1 = most important)

Rank 1________________
Rank 2________________
Rank 3________________
Rank 4________________
Rank 5________________

20. Which factors listed in question 18 do you regard as the five **least important** factors when considering the location of your firm?
(30 = least important)

Rank 30________________
Rank 29________________
Rank 28________________
Rank 27________________
Rank 26________________

For the 3rd ranked factor, 17 firms chose *population base*, which was the single largest group for this rank. *Population base* was also a popular choice for rank 4 and 5. For rank 4, the other choices were *low rents/land prices* (13 firms) and *access to roads and highways* (11 firms). For rank 5, as mentioned, *population base* was the most popular choice (21 firms), followed by *viable economy* (14 firms) and *income levels* (12 firms).

The firms were also asked to list the five least important factors with regard to the location of their firms. The responses are tabulated in Table 12. The least important factor (rank 30) was *proximity to government agencies and departments,* which was chosen by 39 firms. However, *presence of magnet stores* was chosen by the next largest group of 16 firms and 13 others chose *proximity to suppliers* for the 30th ranked position. For the 29th ranked factor, *financial incentive* was chosen by 24 firms, 18 firms selected *proximity to government agencies and departments* and 17 others chose the *presence of magnet stores.* In the selection of the 28th ranked factor, *health facilities* was chosen by 22 firms, followed by *available government financial and management*

Table 11 Responses for the five highest ranked factors

RANK 1 (most important)	Accessiblity to customers (68 firms) Population base (19 firms) Entrepreneur's residence (13 firms)
RANK 2	Low rents/land prices (22 firms) Accessibilty to customers (21 firms) Traffic flow (14) ; Parking facilities (14 firms)
RANK 3	Population base (17 firms) Parking facilities (15 firms) Visibility of location (14 firms)
RANK 4	Population base (15 firms) Low rents/land prices (13 firms) Access to roads/highways (11 firms)
RANK 5	Population base (21 firms) Viable economy (14 firms) Income levels of households (12 firms)

Source: Survey, 1991

Table 12 Responses to the five least important factors.

RANK 30	Proximity to government agencies (39 firms) Presence of magnet stores (16 firms) Proximity to suppliers (13 firms)
RANK 29	Financial incentives (24 firms) Proximity to goverment agencies (18 firms) Proximity to magnet stores (17 firms)
RANK 28	Health facilities (22 firms) Available government programmes (20 firms) Proximity to government agencies (15 firms)
RANK 27	Health facilities (17 firms) Employment agencies (15 firms); Proximity to government agencies (15 firms) Recreational and cultural opportunities (13 firms)
RANK 26	Presence of magnet stores (16 firms); Recreational and cultural opportunities (16) Employment agencies (15 firms); Available government programmes(15) Proximity to supplier (10 firms)

Source: Survey, 1991

programmes (20 firms) and *proximity to government agencies and departments* (15 firms). For rank 27, *health facilities* was again the most frequently chosen factor with 17 firms, followed by *employment agencies* (15 firms) and and *proxmity to government agencies and departments* (15 firms). The *presence of magnet stores* (16 firms) and *recreational and cultural opportunities* (16 firms) were chosen for the 26th ranked position and 15 others selected *employment agencies.*

The most frequently chosen factors in the rating of the degree of importance (Extremely important and No importance) and the most frequently chosen factors for the five highest and lowest ranked factors were compared.

In summary, the five most frequently selected factors for extreme importance were:

1. Accesibility to customers and Proximity to suppliers (tie)
2. Population base
3. Visibility of location
4. Low rents/land prices
5. Traffic flow

The five most frequently chosen factors for the ranks of first to fifth were:

Rank 1. Accessibility to customers
Rank 2. Low rents/land prices
Rank 3. Population base
Rank 4.Population base
Rank 5. Population base

Research Hypothesis #4: Accessibility to customers is the most important factor influencing locational preferences.

The rating and ranking systems had produced almost similar results with *accessibility to customers* being the most important factor for the majority of the firms. Therefore, this **survey's findings support the research hypothesis that accessibility is of primary importance.**

In addition, *population base* and *land prices* were also amongst the top five choices for both the ranking and rating systems. *Visibility of location* and *traffic flow* were, however, the third most popular choices for rank 2 and rank 3 (Table 11). The only factor that was not found among the top five ranked factors but yet was rated extremely important was *proximity to suppliers.* Schmidt (1983) suggested that *competition, accessibility* and *site visibility* were important. Dunkelberg and Sineath (1979) also indicated that the influence of *population size* and *income levels* were important in considering location. The study has shown that *accessibility, visibility* and *population* were regarded to be important by the respondent firms. However, Timmermans (1986) suggested that besides accessibility, the size of shopping centre/mall and the presence of magnet stores were the most important factors influencing location. The respondent firms did not regard the shopping centre/mall and magnet stores to be of great importance.

The five most frequently cited factors with no importance in regard to location decisions were:

1. Employment agencies
2. Presence of magnet stores
3. Recreational and cultural facilities
4. Proximity to government agencies and departments
5. Health facilities

And the five most frequently chosen factors for the ranks of 30th to 26th were:

Rank 30. Proximity to government agencies and departments
Rank 29. Financial incentives
Rank 28. Health facilities
Rank 27. Health facilities
Rank 26. Presence of magnet stores and recreational and cultural opportunities

The four factors that occurred on both the rating and ranking systems were: *proximity to government agencies and departments, health facilities, recreational and cultural* *opportunities, presence of magnet stores*. However, the locational factor that the firms chose as of no importance, *employment agencies*, was not found amongst the lowest ranked factors. Conversely, the 29th ranked factor, *financial incentives*, was not chosen to be among the five least important factors by the firms; but it must be noted that it was chosen by 91 firms to be the seventh most frequently chosen factor of no importance in regards to their firms' location decision.

The majority of businesses found in SIC 56 (Apparel and Accessory stores) and 59 (Miscellaneous retail) are businesses dealing with merchandise requiring consumer comparative shopping. This type of firm seems to place importance on locations in close proximity to competitors. SIC 72 and 73 are personal and business services firms respectively. It has been suggested that these firms, in turn, do not favour locations near competitors (Brown 1987). Looking at Table 13, there was a greater percentage of SIC 56 and 57 firms rating proximity to competitors to be extremely important (1) and very important (2) compared with the personal and business services firms. In fact, there was 9% of the 'comparative shopping' firms compared to the 3% of personal and business services firms rating this factor to be extremely important. For the rating of (2) very important, there was 18% of SIC 56 and 59 firms and only 5% of SIC 72 and 73

Table 13 Responses to the proximity of competitors
1=Extremely important; 2=Very important; 3=Average importance;4=Some importance;5=None.

	1	**2**	**3**	**4**	**5**
SIC 56 and 59	3 (9%)	6 (18%)	10 (29%)	6 (18%)	9 (26%)
SIC 72 and 73	1 (3%)	2 (5%)	7 (19%)	6(16%)	21 (57%)

Source: Survey, 1991

firms. Also, 29% of the SIC 56 and 59 firms rated this factor to be of average importance compared with 19% of the personal and business services firms.

Research Hypothesis #5: Personal and business services firms and 'consumer comparative shopping' stores do not differ with regard to the importance of locating near competitors.

The chi-square test statistic was calculated to be 8.49. The critical value was determined at 9.488 with the degrees of freeedom = 4 and the significance level of 0.05. The test casts some doubt on the research hypothesis but not enough to discount it. Since the test statistic was not greater than the critical value, **the research hypothesis should be accepted based on the chi-square test statistic**. However, the above discussion seems to cast some doubt on this research hypothesis. Therefore, the conclusion on research hypothesis #5 should not only be drawn from the significance test but also from the percentages.

C. Location Decision and Market Analysis

The entrepreneurs of the respondent firms were asked to indicate the methods used in their location decision process.

Research Hypothsis #6: The majority of the entrepreneurs do not do research on the location when establishing their businesses and thus the location decisions are based on personal preference and intuition.

The largest group of firms, 44%, based their location decisions on personal preferences. Forty-one firms (20.4%) said that they conducted location/ allocation analysis before deciding on their firm' locations and 19 other firms (9.5%) relied solely on their intuition. Economic feasibilty studies and checklists were also used by 16 firms (8%) and 13 firms (6.5%) respectively. There was a number of entrepreneurs who were, themselves, not actively involved in the location decision process; 11 such firms (5.5%)

had bought or taken over existing businesses and/or franchisees and thus did not have the control over the location chosen.

Many of the firms did not collect market information and analyse their location in terms of market size and composition before establishment. A total of 131 firms (65%) did not assess their prospective markets by using demographic indicators such as population, income, age and sex. However, 63 firms (31%) did conduct some form of investigation on the markets in which their businesses would be involved.

Of those firms that conducted some form of market analysis, 41 firms did not spend any monetary costs in the process. Fifteen respondent firms, however, did incur monetary costs to perform these market analyses. Seven firms spent within $500, one firm spent between $501 to $1,000 and seven firms spent over $1,000 to obtain some knowledge of their market size and composition.

Therefore, **research hypothesis #6 can be accepted** as the majority of the firms were not actively involved in conducting research in their location decision process.

D.Summary

Accessibility to customers was regarded by the majority respondent firms to be the most important factor among the 30 locational factors. In addition, *population base, land prices, visibility of location* and *traffic flow* were also considered important to their location. The results concur with previous studies (Hand, Dunkelberg and Sineath, 1979; Schmidt, 1983). Interestingly, *size of shopping centre/mall* and *presence of magnet stores* were not regarded as very important factors influencing location. This result was possibly affected by the high refusal rate of non-participation of stores that were located in shopping centres/malls in the survey.

The majority of the firms did not collect market information and analyse their location, instead personal preference was the preferred basis of location decisions.

4.3.6 Entrepreneur Information

Note: There were 296 entrepmeurs involved in the 201 firms surveyed.

A. Travelling Time

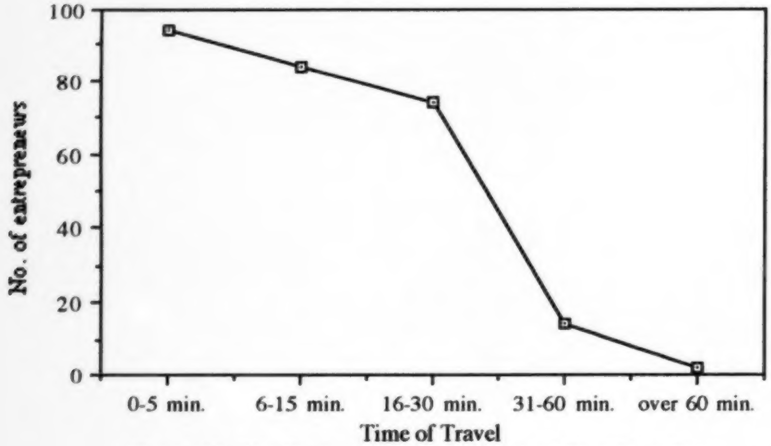

Figure 22. Distribution of the Entrepreneurs' Travelling Time.

The question involving travelling time helps to understand the distance of the entrepreneur's place of business relative to place of residence. Studies have claimed that most entrepreneurs prefer to locate their businesses close to their residence. In this survey, this trend does persists.

Research Hypothesis #7: Small firms tend to locate near to the entrepreneur's residence.

Ninty-four entrepreneurs took within five minutes to reach their businesses from their place of residence. The number of entrepreneurs decreased as the time taken to travel to their businesses increased (Figure 22). Eighty-four entrepreneurs took 6 to 15 minutes and 74 others took 16 to 30 minutes in travelling time. Very few entrepreneurs travelled more than half an hour. Fourteen entrepreneurs needed 31 to 60 minutes and two entrepreneurs took over 60 minutes to travel to their place of work. Prior studies (Cooper, 1970; Susbauer, 1972; Watkins, 1973; Gudgin, 1978) also found that entrepreneurs' residences were located in close proximity to their businesses.

B. Sex Distribution

Amongst the respondent firms, there were more male than female entrepreneurs. In total, there were 187 male entrepreneurs and 109 female entrepreneurs.

C. Age Distribution

The entreprenuers were asked to state their age group when they started/entered into their businesses. The distribution of the ages of all the entrepreneurs is illustrated in Figure 23.

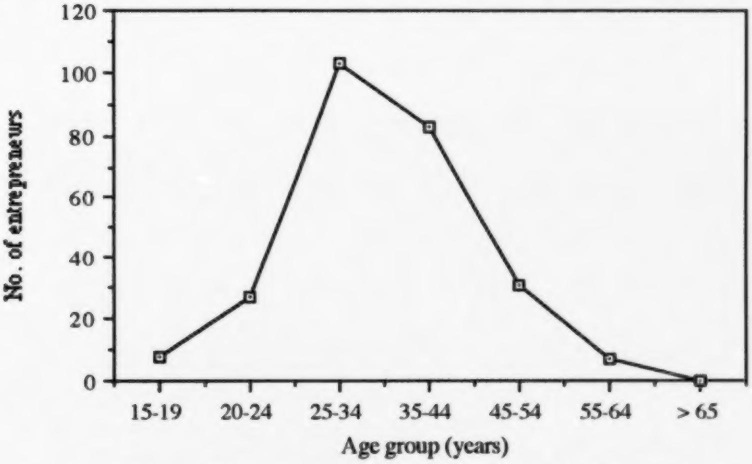

Figure 23. Distribution of the Age Groups of the Entrepreneurs.

Research Hypothesis #8: Entrepreneurs are usually in their thirties and forties when establishing the firm.

The most frequently cited age group was 25 to 34 years old (103 entrepreneurs). The second largest age group was 35 to 44 years (83 entrepreneurs). Therefore, the majority of the entrepreneurs were between the ages of 25 to 44 years old. Therefore,

the hypothesis that entrepreneurs are in their thirties and forties can be accepted. Other studies have also found that entrepreneurs were usually in their thirties and forties when establishing their businesses (Cross, 1981; Lewis and Williams, 1987; Reid, 1987).

D. Education Attainment

The entrepreneurs were asked to indicate their highest education level. Figure 24 shows the distribution. The largest group of entrepreneurs (79) listed trade/technical or community college as their highest education attainment and 77 entrepreneurs indicated that high school was their highest education level. Interestingly, there were more entrepreneurs holding graduate degrees (62) than undergraduate degrees (50). This finding does not confirm studies conducted by Pickles and Farnell (1987). They found that individuals with primary and incomplete education possess the highest probability of being self-employed. However, Reid (1987), found that the majority of entrepreneurs had a college / university degree or equivalent.

Research Hypothesis #9: Entrepreneurs usually have high levels of education such as college and university degree education.

Examining the percentage distribution, this sample were considered to be well-educated, with most achieving at least high school education. Twenty-eight percent are high school graduates, 28% have college diplomas and 22% possess a post-graduate degree. Therefore, **this research hypothesis can be accepted.**

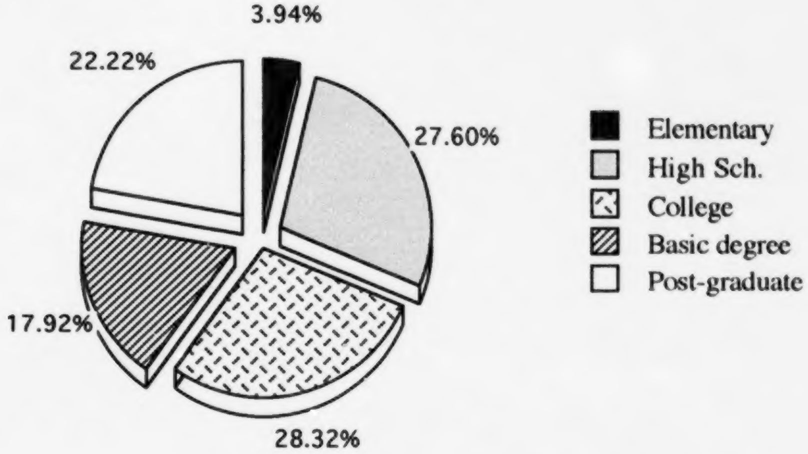

Figure 24. Educational Levels of the Entrepreneurs.

E. Number of previous Jobs Held

Before starting/entering into their businesses, the entrepreneurs were asked to state how many previous jobs they had held. Figure 25 illustrates the results.

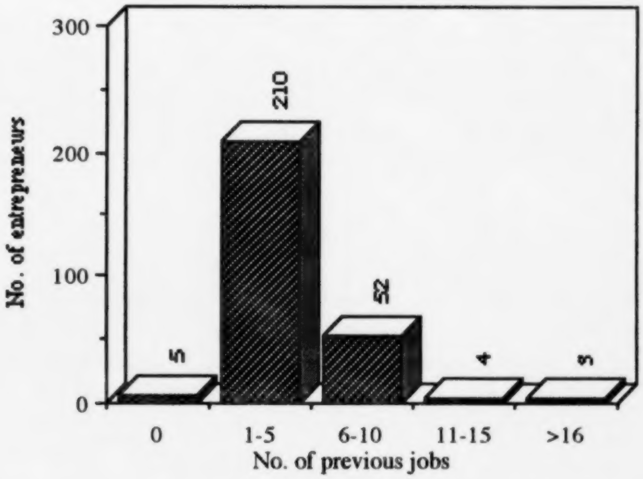

Figure 25. The Number of Previous Jobs Held.

Research Hypothesis #10: Before starting their firm, entrepreneurs, on average had one to five jobs.

An overwhelming majority, 210 entrepreneurs, indicated that they held 1 to 5 jobs previously. The second largest group, 52 entrepreneurs, held 6 to 10 jobs before working in their own businesses. Therefore, **Research Hypothesis #10 can be accepted**. Cross (1981) and Cooper and Dunkelberg (1987) found that the majority of entrepreneurs held 1 to 5 previous jobs. Therefore, this study draws the same conclusion.

F. Work Experience

Research Hypothesis #11: The majority of the new firms are founded in fields related to the entrepreneur's previous work experience.

The entrepreneurs were asked whether their present businesses were related to any of their previous work experience. Many (172) entrepreneurs stated their present businesses were related to past work experience and 101 entrepreneurs replied in the negative.

A question was also asked to inquire whether the present businesses were selling the same products and/or services produced in the entrepreneurs' previous place of employment. A great majority of the respondent firms' (112) products/services were the same and/or in the similar area as the entrepreneurs' previous work experiences. However, there was also a substantial number of businesses (78) who sold products/services that were different from the products/services produced in the previous places of employment. The **finding does not totally confirm that entrepreneurs often start businesses in the same field** as their previous employment as suggested by Lewis and Williams (1987).

G. Reason for Leaving Previous Employment

The entrepreneurs were asked to state what was the most important reason for leaving his/her previous job in order to establish their businesses.

The most frequently cited reason was that the entrepreneurs had quit their previous job because of their plans to start/enter into the small business sector. A total of 130 entrepreneurs gave this reason for leaving their previous job. The second largest group of entrepreneurs (46), gave the reason that they left their previous employment because of dissatisfaction related to their previous workplace. Sixteen entrepreneurs gave the reason of personal and/or health concerns for quitting their previous job and another 16 entrepreneurs left their previous employment because of being laid off or their job had been discontinued. The other reasons given were retirement (7 entrepreneurs) and being fired from their previous job (6 entrepreneurs).

H. Reason for Establishing Business

Research Hypothesis #12: The desire for independence is the most common reason for starting a business.

Before establishing their businesses, the entrepreneurs were asked to give the most important reason for motivating them to start their business. An overwhelming majority of 127 entrepreneurs, felt that independence and flexibility motivated them to start their own businesses. The second most popular reason, given by 51 entrepreneurs, was the attraction of greater monetary rewards. In addition, reasons associated with previous employment were also given. Twenty-two entrepreneurs started their businesses because of their dissatisfaction with their previous job. Twenty-one entrepreneurs were motivated to establish their businesses because they had identified market opportunities. Unemployment was also a factor in encouraging 18 entrepreneurs to start their businesses and a product/service idea prompted 15 others to become entrepreneurs. In addition, 4 entrepreneurs were motivated by the attractive franchising opportunities available. Therefore, **the hypothesis that independence is the motivating factor in starting a small business can be accepted**. Mason (1989) found that the top three reasons that motivated entrepreneurs were independence, financial ambition and dissatisfaction with their previous job situation. In addition, Watkins (1976) found independence to be the top reason given for starting a small business. Therefore, this sample's results substantiate the findings of these previous studies.

I. Source of Start-up Funding

The respondent firms were asked to identify their major source of funding used to establish their businesses.

Research Hypothesis #13: The most frequently used source of start-up finance is personal savings.

Personal savings was the most common source of funding used to start their businesses: 111 firms (55%) had used their personal savings to enable them to establish their firm. Cross (1981), Gould and Keeble (1984) and Mason (1989) also found that the most frequently used source of start-up finance was personal savings. The second most frequently used funding were bank or trust company loans, a total of 54 (27%) firms borrowed from banks and trust companies to start their businesses. Family /friends' loans were the main source of funding of 14 (7%) firms and 6 firms used funding provided by private investors to help establish the firm. Venture capital and public stocks were the least common source of start-up capital, with only 2 firms using venture capital and another 2 utilizing public stocks to start their businesses. Therefore, **this hypothesis can be accepted**.

J. Business Planning

When establishing the firm, the firms were asked whether they had possessed a well-developed business plan. Eighty-two (41%) firms said that they had but the majority of 117 (58%) firms did not develop a business plan.

Those firms that possessed a well-developed business plan obtained management assistance most often from private agencies (17 firms in total). However, other sources of management assistance were also obtained from friends/professional contacts (12 firms), financial agencies/banks (11 firms) and government agencies (10 firms). Moreover, 13 firms had developed their own business plan without outside assistance. The less frequently approached sources of management assistance were community college/university (5 firms), franchisor (3 firms) and venture capitalist (1 firm).

K. Counselling and Advice

Research Hypothesis #14: The use of counselling and advice tend to occur after start-up.

The firms were asked to indicate if they obtained counselling and advice for their businesses. Thirty-eight percent of the sample (77 firms) did not seek any help but (59%)118 firms did obtain counselling and advice. Of the 118 firms, 60 firms obtained counselling and advice most often at start-up and 58 firms sought help most frequently after start-up. Therefore, the number of firms seeking counsel at and after start-up did not differ.**The hypothsis cannot be accepted**. This result is therefore contrary to Mason's (1989) finding that firms obtained counsel more often after start-up.

L. Summary

There were considerably more male entrepreneurs among the respondent firms and generally, the entrepreneurs were young, in their mid-twenties to forties. In terms of education, these entrepreneurs were well-educated, with at least high school education. The study also revealed that the entrepreneurs held one to five jobs previously before starting their businesses. In addition, many of the entrepreneurs had established businesses that were related to their previous work experience, yet a substantial number of businesses sold products that were different from their previous workplace. Most of the entrepreneurs had quit their previous job because they had planned to own and operate a business. Furthermore, many felt that independence and flexibility motivated them to start their own businesses. The most popular source of start-up capital was the entrepreneur's personal savings. When establishing their businesses, most of the entrepreneurs did not develop a business plan, however, many of the firms had obtained counselling and advice at start-up and thereafter.

4.3.7 Government Involvment

Research Hypothesis #15: Business persons are the most preferred agents for conducting business programmes.

The respondent firms were asked to list who they would most prefer as an agent for conducting programmes for small businesses. The most preferred agent was a business person with 116 (58%) responses. The second most popular agent preferred to conduct small business programmes were private consultants, which was, selected by a dramatically lower number of firms, a total of 35 firms. Twenty-one firms preferred a community college instructor with business experience and only nine firms would want government agencies to conduct small business programmes. The least preferred agent was a university professor with business experience, with only five firms selecting this agent. Therefore, the **hypothesis that business persons are the most preferred can be accepted**. This finding was similar, to some extent, to the study conducted by Reid (1987). He found that business persons was the most favoured choice, followed by consultants and university and college professors.

A. Information Assistance

In terms of obtaining business and market information, details on government assistance programmes and economic environment, the firms were asked to state which agencies they approached to obtain these types of information. A large number of firms, 100 (50%) firms, did not approach any agency. Of those that sought some form of information, 38 (19%) firms approached government agencies, seven obtained information from private agencies/consultants, five approached their franchisors and three other firms obtained information from banks/financial agencies.

Those firms that approached agencies for information were also asked to state which agencies proved to be the most helpful to them. Eighteen firms felt that the government agencies were the most helpful, four firms selected private agencies/consultants and two other firms thought that the franchisor provided the neccessary information. Only one firm stated that banks/financial agencies were helpful. Moreover, of those firms that did approach agencies for information, 15 firms felt that none of the agencies were helpful at all.

B. Financial Assistance

In terms of information on financial assistance, the firms were asked to state which agencies they approached. There were 51 firms that did not approach any agency for information on financial assistance. Among those firms that did approach agencies, 90 firms approached banks/financial agencies. The second largest group of firms (10 firms) was substantially lower and they approached credit unions for information on financial assistance. Four firms approached government agencies and two others approached leasing companies.

In addition to the respondent firms approaching agencies for information on financial assistance, the survey also wanted to know how many firms actually obtained and used financial support from these agencies. Out of those firms that answered this question, 80 firms replied that they did obtain financial assistance and 87 firms replied in the negative.

Of those firms that did obtain financial assistance, 63 firms obtained their financial assistance from banks/financial agencies. Credit unions was the second most frequently used agency but only seven firms obtained assistance from them. Also, only one firm obtained financial assistance from a leasing company and one other from government agencies.

C. Government Level of Involvment

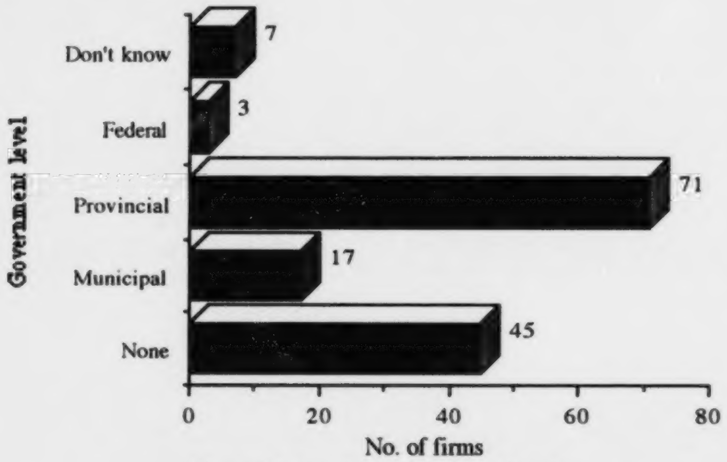

Figure 26. Level of Government Involvment.

In response to what the firms felt was the most appropriate level of government to give financial and management support to small businesses (Figure 26), 45 (22%) firms felt that the government should not be involved with the small business sector and seven firms did not know what level of government would be appropriate. However, 71 (35%) firms felt that the provincial government would be the most appropriate, 17 (8.5%) firms indicated municipal government as most appropriate and only three firms thought that the federal government was the most appropriate level of government support.

D. Government Constraints and Problems

The firms were asked to rate a list of constraints/problems associated with the government that affected the success and expansion of their firms. The number of firms responding to these constraints/problems are tabulated in Table 14.

Table 14 Responses to government constraints/ problems affecting success and expansion of firms.
1=Extreme hindrance; 2=Big hindrance; 3=Moderate hindrance; 4=Little hindrance;5=None

	1	**2**	**3**	**4**	**5**
High Sales Tax (GST)	70^{1}	39	36	25	20^{9}
Interest rates	46^{3}	50	46	24	22^{7}
High energy/utilities costs	17^{7}	38	73	38	18^{10}
Politicians' attitude to small business	57^{2}	41	34	31	22^{7}
Inadequate education system	12^{8}	28	54	42	47^{4}
Lack of qualified civil servants with knowledge of small business	31^{4}	46	36	31	39^{6}
Lack of government information about market opportunities	21^{6}	14	53	41	54^{3}
Lack of government support in training/retraining workforce	10^{10}	28	43	45	57^{2}
Lack of small business development strategies	22^{5}	30	43	42	45^{5}
Rezoning policies of landuse	12^{8}	13	29	40	88^{1}

Source: Survey, 1991 Note: Superscript represents the popularity of the factor; 1 signifies the most popular factor.

The constraint/problem cited as an extreme hindrance was the *Goods and Services Tax (GST)*. A total of 70 firms chose the *GST*, making it the most frequently chosen constraint/problem. The second largest group of firms, 57 in total, chose *politicans' attittude to small business* to be an extreme hindrance. The third, fourth and fifth constraints/problems respectively were *high interest rates* (46 firms), *lack of qualified civil servants with knowledge about small business* (31 firms) and *lack of small business development strategies* (22 firms).

The five most frequently chosen constraints/problems to be of no hindrance to these firms' success and expansion were: *rezoning policies of land use* (88 firms), *lack of government support in training and retraining workforce* (57 firms), *lack of government information about market opportunities* (54 firms), *inadequate education system* (47 firms) and *lack of small business development strategies* (45 firms). It must be noted that the *lack of small business development strategies* was the second most selected constraint to be an extreme hindrance (22 firms) and yet it was also the fifth most frequently chosen constraint to be of no hindrance (45 firms). However, looking at the absolute number of firms, more firms had rated it to be of no hindrance.

E. Summary

The business person was considered by many firms to be their ideal agent to conduct small business programmes. In fact, government agencies were one of the least popular choices for coducting these programmes. This aversion towards government involvment was reflected in the number of firms seeking government assistance. Many did not approach the government for information and/or financial assistance. However, of the firms that did approach agencies for information, a number of them felt that government agencies were helpful. In terms of financial assistance, firms obtained, most frequently, assistance from banks/financial agencies. Only an insignificant number obtained financial assistance from the government. The majority of small firms felt that the provincial government was the most appropriate level of government to give financial and management support to small businesses. In terms of government constraints/problems that affect small businesses, the respondents felt that the *GST* and the *politicians' attitude toward small business* was an extreme hindrance.

CHAPTER 5.

SUMMARY AND CONCLUSIONS

The objectives of this thesis were: firstly, to examine the changes in the number of small retail and services firms in Edmonton, Sherwood Park and Spruce Grove, through the times of expansion and recession, between 1982 and 1989. Secondly, to obtain current information on the characteristics of existing small retail and services firms in the study areas.

5.1 Population (1982-89) Summary

The populations of the small retail and services firms between 1982-89, were compiled by reviewing annual directories published by a private company called Contacts Influential (prior to1988) and VIP Marketing Inc. (name changed in 1988). The changes from 1982 to 1989 were calculated for new firms and firms older than one year. In the population of firms older than one year, it was found that during recession times, the service sector seem to be affected more quickly and severely compared to the retail sector. Yet during periods of expansion, the service sector seem to demonstrate greater growth and recovery. The changes in the population of new firms through the same period also revealed that the service sector is more responsive to recessionary and expansionary changes as the service sector experienced a greater degree of change in the number of new firms. There are two probable reasons why the service sector is more sensitive to economic changes. The service sector is dominated by more independently-owned firms, whereas retail stores are usually national retail chains. Therefore, in times of recession, independently-owned service businesses are more susceptible to closure. Another reason for the service sector's growth and recovery capability during expansion (1985) could be due to the structural changes brought about by the downsizing of corporate Canada. This, in turn, may have "pushed" executives that were laid off to enter into self-employment; starting a small business in business services. In addition, the advance of technological improvement , has given rise to laptop equipment, offering flexibility in starting a small business.

5.2 Survey Summary

A mail administered survey was conducted from November 1991 to February 1992, utilizing VIP Business Directory, Strathcona County Business Inventory and Spruce Grove Business License Directory. A total of 201 usable questionnaires were obtained, reflecting a response rate of 22.26%. The questionnaire was divided into seven sections and the results were presented in these respective headings: firm characteristics, employment, product information and quality, market orientation, locational factors, entrepreneur information and government involvment. In addition, a list of 15 research hypotheses were tested and the results were summarized in Table 15.

5.2.1 Firm Characteristics

Independent businesses were the majority of the small firms surveyed. However, there were also headquarters, franchises and subsidiaries in the sample, even though the number of these types of firms was much fewer than the independent businesses. in terms of age, there was a variety of older firms (established in decades prior) and younger ones (established in the eighties). In this survey, half of the sample had moved previously, but mostly involving one relocation. In revenue, the firms were small, earning less than one million dollars in annual gross revenues.

5.2.2 Employment

The majority of the respondent firms were small employing less than ten full-time employees. The survey also showed that there were more firms employing full-timers

Table 15. Tests of Research Hypotheses.

Research Hypotheses	Results
#1: There are more females employed in part-time positions than males	Accepted.
#2: The majority of female employees are employed in the lower-skilled jobs.	Accepted for semi-skilled.
#3: More jobs are created in the early years of a small firm.	Accepted for full-time.
#4: Accessibility to customers is the most important factor influencing locational preferences.	Accepted.
#5: Personal and business services firms and 'consumer comparative shopping' stores do not differ with regard to the importance of locating near competitors.	Partially accepted.
#6: The majority of the entrepreneurs do not do research on the location when establishing their businesses and thus the location decisions are based on personal preference and intuition.	Accepted.
#7: Small firms tend to locate near to the entrepreneur's residence.	Accepted.
#8: Entrepreneurs usually have high levels of education such as college and university degrees.	Accepted.
#9: Before starting their firm, entrepreneurs, on average, had one to five jobs.	Accepted.
#10: Entrepreneurs are usually in their thirties and forties when establishing the firm.	Accepted.
#11: The majority of new firms are founded in fields related to the entrepreneurs's previous work experience.	Partially accepted.
#12: The desire for independence is the most common reason for starting a business.	Accepted.
#13: The most frequently used source of start-up finance is personal savings.	Accepted.
#14: The use of counselling and advice tend to occur after start-up.	Not accepted.
#15: Business persons are the most preferred agents for conducting business programmes.	Accepted.

compared to part-timers. In addition, larger firms tended to employ more full-timers than part-timers. There were gender differences in full-time and part-time employment. Firms (employing 1-5 employees) were employing more females. But the larger firms were inclined to male full-timers, even though females were still preferred for part-time work. Therefore, the study found that females tend to dominate part-time employment. A large number of employees were found to be highly-skilled, semi-skilled employees were the second largest group and unskilled employees were the fewest in number. Among the highly-skilled and unskilled workers gender differences were not significant. In the semi-skilled category, however, the number of females employed was much larger than the number of males.

The firms were found to create 1-5 jobs most frequently in the first and second year of establishment. As the firm ages, the firm's prospensity of creating 1-5 jobs decreased. However, there was a number of firm that were creating a large number of jobs in their older years. It is likely that these firms were growing into medium-sized firms. In part-time job creation, the firms were also creating the most jobs in the first and second year of establishment, with a lower prospensity to create as the firm ages.

Both the retail and services sectors employed more females than males. In addition, the results suggested that the smaller retail firms employed more female part-timers compared with smaller services. Also, the larger retail firms tended to employ more full-time males than services firms of similar size.

5.2.3 Product Information and Quality

Many of the respondent firms were found to have introduced some form of new product/service over the past year (at the time of survey). This finding suggested that small firms are versatile and inclined to introduce a changing variety of products/services. But the data also indicated that only a small number of firms had actually introduced a product/service that was new and innovative. Therefore, the respondent firms were not considered to be very aggressive in innovation.

5.2.4 Market Orientation

The majority of the firms were involved in the Edmonton regional market. However, there were a number of firms that was also involved in the Alberta and Canada regional market. The responses also indicated that the firms were not exporting to overseas market, because the product/service sold was not suitable or feasible for export. Edmonton firms were found to have sold most of their products/services within the city with smaller percentage sales in the surrounding communities. Sherwood Park and Spruce Grove firms were inclined to serve their own communities rather than the city. Edmonton firms were more involved in other markets in the other regions of Canada. Also, findings between the retail and service sectors suggested that there were more service firms involved in the Canada regional market.

5.2.5 Locational Factors

From the responses, the most important locational factor was found to be *accessibility to customers*. Other locational factors that were regarded by the respondent firms to be very important were: *population base*, *land prices*, *visibility of location* and *traffic flow*. However, locational factors such as size of *shopping centre/mall* and the *presence of magnet stores* were not regarded to be very important influencing location. This result was probably affected by the high refusal rate of participation of firms located in shopping centres/malls in the survey. The survey also indicated that the majority of the firms did not collect market information or analyze their location before establishment.

5.2.6 Entrepreneur Information

The survey revealed that there were more male entrepreneurs among the respondent firms. The entrepreneurs were young, usually in the mid-twenties to forties and well-educated, achieving at least high school education. In addition, the entrepreneurs, on average, held one to five jobs before starting their businesses. Many of the businesses were established in the entrepreneurs' previous work experience, but, a substantial number of firms actually sold products that were different from those sold at their previous place of employment. The main reason given for the entrepreneurs quitting their previous job was that they had decided to own and operate a business. Furthermore, the most popular motive for them to start their businesses was independence and flexiblility. Personal savings was the most frequently used source of start-up capital. When establishing their business, the majority of the entrepreneurs did not develop a business plan, however, counselling and advice was obtained at start-up and thereafter.

5.2.7 Government Involvment

The business person was considered to be the ideal agent to conduct small business programmes. The survey also revealed that respondent firms did not favour government agencies for conducting these programmes. This aversion towards government involvment was also reflected in the small number of firms approaching the government for market information. However, there were 18 firms that felt government agencies were most helpful in providing business and market information. In terms of financial assistance, the majority of firms approached and eventually obtained financial assistance from banks/financial agencies. In response to what the firms felt was the most appropriate level of government to give financial and management support to small businesses, 35% of the sample felt that the provincial government would be most appropriate. However, a substantial percentage, 22%, felt that the government should not be involved with the small business sector. In addition, this negative attitude towards the government was also reflected in the firms rating the *Goods and Services Tax (GST)* and *politicans' attitude to small business* as an extreme hindrance to their businesses.

5.3 Conclusions

The results of the survey indicate that the small firms, in several respects, have made positive contributions to employment. Many of the firms were employing highly-skilled full-timers. Furthermore, they had created full-time and part-time jobs in their first and second year of establishment. However, there were also other findings that reflect on the quality of the employment generated. First, small retail and services firms were employing more females, especially for part-time work. Second, even though there were many firms that employed full-timers, there was also a substantial number that were also involved in part-time employment. Third, females dominated the semi-skilled workforce. These results reveal that the retail and service sectors still rely on part-time employment, which are mostly female and semi-skilled. The wider economic implication for job creation and employment viability may be undermined by the quality of jobs offered. Therefore, it is important to keep in mind that even though small retail and services firms employ highly-skilled full-timers, semi-skilled part-timers are also a major component in these two sectors.

In terms of entrepreneurs' working hours and earnings, entrepreneurs seem to work a reasonable number of hours per week. Based on Cohen's (1988) findings, Table 16 shows the amount of hours worked per week and the annual earnings by industry. Entrepreneurs of the agriculture and accommodation, food and beverage services sectors were working in excess of 50 hours per week, yet the earnings for these entrepreneurs were not very high as compared to entrepreneurs in the health and social services sector.

The highest annual earnings were experienced by the entrepreneurs of health and social services while the lowest annual earnings were recorded in education services, other services and fishing and trapping. The relatively lower earnings of these sectors obviously reflect the fewer average actual hours worked per week.

Table 16. Self-employed average actual hours and annual earnings by industry, Canada, 1986.

*Earnings include gross wages and salaries before deductions plus net income from self-employment.

Industry	Hours per week	Annual Earnings* ($)
Agriculture	50.6	16,500
Fishing and Trapping	31.1	15,300
Logging and Forestry	36.8	20,100
Manufacturing	43.7	30,500
Construction	37.6	23,100
Retail	41.1	17,600
Business services	40.0	30,500
Education	18.7	9,600
Health and social services	43.0	50,000
Accommodation, food and beverage services	53.5	21,600
Other services	28.8	14,200

Source: Statistics Canada, Cat. No. 71-536, 1988.

There are other economic implications that are questionable. It is recognized that Alberta is still dependent on income generated by basic exporting goods sectors. The retail and services firms' orientation towards local markets, does provide income generation, however, addition income from foreign markets through foreign exchange and the balance of payments should be encouraged. In addition, these firms were not innovative, in terms of products/services and processes, therefore, little will be done to improve competitiveness in the structure of the local economy.

During the survey, there was a substantial number of respondents, especially in the samples in Sherwood Park and Spruce Grove, that was home-based and did not consider themselves as small businesses. This finding indicates that home businesses are increasingly important. In fact, according to a recent newspaper article, one in ten Canadian households are involved in a home business and half of those involved in home-based business are in the service sector (The Edmonton Journal, June 1, 1992). Future research should be conducted in this sector to gain understanding on the economic contribution on the local economy. However, difficulty in obtaining data on these home businesses would arise because home businesses can operate informally and not be registered in any form of government documents. The interview conducted with city planner Angela Hingston, indicated that the city is making efforts to do research on home businesses, however, the difficulty mentioned was also recognised by the city.

Many of the respondent firms did not utilize many of the available government programmes outlined in Appendix 3. In an interview with Mr. Jay Krysler, Senior Advisor at Entrepreneurial Development and Counselling of Alberta Economic Development and Trade, he estimates that there have been close to 40,000 calls made on small business hotline in the past year. However, it must be noted that this number also includes repeat callers. It was not possible to obtain exactly how many businesses actually used their wide range of programmes.

Regarding programmes, a concern is that small business programmes may concentrate on increasing the number of start-ups while their subsequent development is ignored. The survey had indicated that counselling and advice was obtained at start-up and after by these small firms. Therefore, small business policies should also develop programmes and services to facilitate, not only at start-up, but also, during the growth process.

The general opinion, held by the businesses about the government was very negative. There was a number of respondents that had written additional comments, outlining their frustration of the government, on their questionnaires.

> "The government entered our country into free trade without preparing the country to compete in a open market and now we are headed for some serious problems and adjustments."
>
> "Millions of dollars from the government were given to large corporations to keep them afloat. As a small business we only expect a small amount and did not receive it - this small amount would have kept us afloat in working capital and allowed us to develop and grow. Because we did not get the additional funding which we could have received, we had to survive and keep a low profile until such time as funding would allow us to expand and grow. This had to be done through a matter of long-term. We learned how to adjust, cut-back and hold-back in order to survive.
>
> In the meantime, the millions of dollars given to large corporations were eaten up through lack of cut-backs, lack of cutting back in order to struggle and survive, and therefore at least "at least a large percentage" of these corporations had eventually close down anyway.
>
> These large corporations should have had the knowledge of struggles and survivals through their years of growth - but I guess it gets to the point that as long as assistance starts coming their way, nobody cares to look at cut-backs and survival. They just continue to hope that a miracle takes place and they eventually can pull the business back into shape and this is where large corporations fail."
>
> "If I were to give anyone advice, I would tell a person starting a new business would be stand on your own feet. Expect to put in long hours and don't expect handouts!"

The general negativeness and lack of confidence in the government concerns the areas of financial spending. Collapses and bailouts of financial institutions in 1985 had cost taxpayers greatly in the past. With the recent NovaTel incident, the public had lost much of the confidence in the government's capabilities.

The government faces the awesome task of pursuing economic development in a struggling economy, with a growing deficit and lowered resource revenues. Essentially, small businesses require different information and resources compared to big corporations. Many small businesses in the survey were community-based, therefore, they utilize informal and private linkages to access information and resources, notably business and community associations, accountants, lawyers, suppliers, competitors etc. The government should foster and support networks and communication linkages at a local level. The survey also revealed that the ideal agent to conduct small business programmes was the business person. Forms of networking between the business community can be introduced. It is important to provide and make available information to any business that needs it. The government, therefore, must develop effective methods of delivering this information.

Essentially, it must be recognized that small business policies cannot be carried out in isolation. To achieve effective results in this sector, regional economic measures designed to strengthen the economy as a whole must also complement the small business policies. Small firms in this survey have expressed frustration in the government's capability in managing the economy. With this frustration, they have increasingly proposed that the government not be involved in their sector, fearing that the government would worsen the economic situation. However, there is still an expectation that if the government should be involved, it is to somehow initiate an economic turnaround.

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APPENDIX 1 QUESTIONNAIRE

Respondent's name:______________
Job title:______________________
Company's name:________________
Tel. No._______________________

Dear Sir/Madam,

Thank you for your participation in this survey. This survey is administered for a study involving small businesses in the retail and services sector located in the City of Edmonton, Community of Sherwood Park and Town of Spruce Grove.

Small businesses are increasingly recognized for their economic viability in the Edmonton region. Therefore, the purpose of this study, is to provide a greater understanding of the creation and closure of small businesses as well as their potential in job creation.

This study is undertaken for the partial fulfillment towards a Masters of Arts degree at the University of Alberta. It also represents research questions of Dr. Royston Greenwood and Dr. Lloyd Steier of the Faculty of Business (Section 7). However, to ensure your company's privacy, the information provided in this questionnaire will be kept strictly confidential. To ensure anonymity in the individual responses, the data collected will be presented in aggregate form in the analysis. A copy of the final research report will be provided to each community's economic development office, enabling you to have access to the results.

Every effort has been made to ensure the questions are clear and concise. However, in the event where there are problems or enquiries about the survey, please contact either Ms. Amy Gay (433 9267), Dr. R.G. Ironside (492 3564).

Thank you very much for your co-operation.

____
Ms. Amy Gay
Department of Geography
University of Alberta

____
Dr. R. G. Ironside
Professor
Department of Geography
University of Alberta

For the following questions, please **circle the numbers** behind the various options, where applicable.

SECTION 1. COMPANY INFORMATION

1. What is/are your business's **main product or service**, based on highest percentage of total sales?_______________________________________

2. Is your business a

[i]	independent	1
[ii]	headquarter	2
[iii]	Canadian-owned subsidiary	3
[iv]	foreign-owned subsidiary	4
[v]	franchise	5

If you are (ii), how many subsidiaries has your business established? _____

Locations? ____

If you are (iii),[iv] or (v), where is your Head Office located? ___________

3. Which year was your firm established ?______________________________

4. How many times did your firm relocate before your present location?_____

Please indicate the last location before relocating:_____________________

(If your last location is within metropolitan Edmonton, please specify the name of the neighbourhood)

SECTION 2. EMPLOYMENT

Full-time employment is defined as working 30 hours or more per week.
Part-ime employment is defined as working less than 30 hours per week.

5. How many employees does your business employ? Full-time_____ Part-time____

6. Of the full-time employees, how many are Male?________ Female?________

7. Of the part-time employees, how many are Male?________ Female?________

8. At present, how many employees are hired in the following categories?

	Male	Female
Highly skilled[a]		
Semi-skilled[b]		
Unskilled[c]		

a: ***Managerial, professional qualifications***
b: ***Clerical, sales***
c: ***No skill training require***

9. How many new employees[d] were hired / laid off? *(Please indicate hiring with a positive,and laying off with a negative.)*

In the	Full-time	Part-time
First to Second year of establishing the firm	……………………	……………………
Third to Fourth year of establishing the firm	……………………	……………………
Fifth to Tenth year of establishing the firm	……………………	……………………

d: ***New employees occupy new positions created, they do not refer to employees hired to replace existing positions***

10. Since the establishment of your firm, please indicate the **number** of your staff undergoing training
[i] on-the-job_________
[ii] in formal training programmes(provided by public and /or private sector)______

SECTION 3. REVENUE, RESEARCH AND DEVELOPMENT

11. In 1990, what was your approximate annual gross revenues?

[i] $10 000 - 99 000	1
[ii] $100 000 - $499 000	2
[iii] $500 000 - $ 1 999 000	3
[iv] $2 - $ 5 million	4
[v] More than $5 million	5

12. Is your business actively pursuing innovation through research and development?
Yes 1 No 2

13. Over the past year, did your business introduce any new products and/or services?

[i] Yes, modified existing product	1
[ii] Yes, new company product (product new to the company but is an existing market product)	2
[iii] Yes, new market product (new and innovative product introduced to the market)	3
[iv] No	4

14. In terms of your firm's products/services, did you encounter problems with customer satisfaction? Yes 1 No 2 If yes, please specify_______________

____

____

SECTION 4. MARKET ORIENTATION

15. At present what **percentage of total unit sales** of your firm's products and/or services is sold in

[i] Edmonton______
[ii] Satellite municipalities surrounding Edmonton_______
[iii] Rest ofAlberta_______
[iv] Rest of Canada_______
[v] Overseas, please specify countries as well___________________________

If you are **only involved in domestic markets**, what is the **most important** reason for not exporting?

[i] Lack of information about markets and market opportunities	1
[ii] Inadequate knowledge of export procedures, laws and regulations	2
[iii] Limited resources	3
[iv] Others, please specify____	

16. At **start-up**, was your firm a spin-off from larger businesses with subcontracting opportunities? Yes 1 No 2

17. At **present**, what percentage of total unit sales are attributed to sub-contracting?_____

Of these sub-contracts, who are your major buyers?

[i] Large firms (employing over 50 employees)	1
[ii] Small firms (employing less than 50 employees)	2
[iii] Government agencies	3

SECTION 5. LOCATIONAL FACTORS

18. Please rate the importance of these factors when considering the location of your firm.

[1= Extremely important; 2= Very important; 3= Average importance; 4= Some importance; 5= No importance.]

LOCATIONAL					
Accessibility to customers	1	2	3	4	5
Proximity to suppliers	1	2	3	4	5
Access to roads/highways	1	2	3	4	5
Traffic flow - pedestrians/vehicles	1	2	3	4	5
Available parking facilities	1	2	3	4	5
SITE					
Potential for expansion in terms of space	1	2	3	4	5
Low rents/ land prices	1	2	3	4	5
Existence of shopping centres/malls	1	2	3	4	5
Presence of magnet stores (e.g. Eatons, Bay, etc.)	1	2	3	4	5
Proximity to similar and related competitors	1	2	3	4	5
Visibility of location	1	2	3	4	5
Artistic/aesthetic qualities associated with particular area	1	2	3	4	5
Compatibility of adjacent business	1	2	3	4	5

URBAN / PUBLIC SERVICES					
Availability of telecommunication services	1	2	3	4	5
Availability of local education and training institutions	1	2	3	4	5
Technical / maintenance services	1	2	3	4	5
Employment agencies	1	2	3	4	5
Health facilities	1	2	3	4	5
Recreational and cultural opportunities	1	2	3	4	5
LABOUR SUPPLY					
Supply of skilled and trained labour	1	2	3	4	5
GOVERNMENT INFLUENCES					
Proximity to government agencies and departments	1	2	3	4	5
Financial incentives such as subsidies, loans, grants, tax rebates	1	2	3	4	5
Available government financial and management programmes	1	2	3	4	5
OTHER FACTORS					
Population base	1	2	3	4	5
Income levels of households	1	2	3	4	5
Founding entrepreneur(s) residence location	1	2	3	4	5
Viable economy and potential for growth	1	2	3	4	5
Business climate, in terms of conducive tax levels	1	2	3	4	5
Knowledge of local market	1	2	3	4	5
Connections with local business community	1	2	3	4	5

19. Which factors listed in question 18 do you regard as the five **most important** factors when considering the location of your firm?
(1 = most important)

Rank 1__________________
Rank 2__________________
Rank 3__________________
Rank 4__________________
Rank 5__________________

20. Which factors listed in question 18 do you regard as the five **least important** factors when considering the location of your firm?
(30 = least important)

Rank 30________________
Rank 29________________
Rank 28________________
Rank 27________________
Rank 26________________

21. Was your location decision based on

[i] personal preferences	1
[ii] intuition	2
[iii] checklist	3
[iv] location/allocation analysis	4
[v] economic feasibility studies	5
[vi] others, please specify____________	

22. **Before establishing** your firm, did you collect and analyze the location in terms of market size[e] and/or composition[f]? Yes 1 No 2
If yes, what was the cost of the analyses (in terms of dollars) involved?________
e: ***assessed by using demographic indicators such as population, population growth rate, per capita income,etc)***
f: ***breakdown of total market in terms of the distribution of the population by area, age, sex and range of income.***

SECTION 6. ENTREPRENEUR INFORMATION

23. Is your firm an inherited family business? Yes 1 No 2

NOTE: When establishing your firm, if more than one entrepreneur was involved, please indicate your answers in the respective columns as person A, B, C etc.

24. In terms of travelling time, how long do you take to reach your business from your place of residence? *(Please indicate with a tick [√])*

	A	B	C	D	E
0 - 5 minutes					
6 - 15 minutes					
16 - 30 minutes					
31 - 60 minutes					
Over 60 minutes					

25. How old were you when you started /entered your firm? *(Please indicate with the roman numericals)*

Age group selection: [i] 15-19 years; [ii] 20-24 years; [iii] 25-34 years; [iv] 35-44 years; [v] 45-54 years; [vi] 55-64 years; [vii] 65 years and above

Person	A	B	C	D	E
Male					
Female					

26. What is your **highest** educational level? *(Please indicate with a √)*

	A	B	C	D	E
Elementary School					
High School					
Trade/Technical or Community College					
Undergraduate degree					
Graduate degree					

27. How many **previous jobs** did you have before starting/entering your firm?

	A	B	C	D	E
0					
1 - 5					
6 -10					
11 - 15					
16 or more					

28. Is your present business related to any previous work experience?

	A	B	C	D	E
Yes					
No					

If yes, please state the areas of professional experience A ____________________

B ____________________

C ____________________

D ____________________

E ____________________

29. Is your products and/or services offered [i] same 1 [ii] similar 2
[iii] different 3 from products and/or services produced in your previous jobs?

30. What is the **most important** reason for leaving your previous job? *(Tick one only)*

	A	B	C	D	E
Job discontinued / laid off					
Fired					
Quit because of dissatisfaction related to workplace					
Quit because of personal and/or health reasons					
Quit because of plans to start/enter new or family business					
Retired					

Others, please specify____

31. What is the **most important** reason for establishing your firm? *(Tick one only)*

	A	B	C	D	E
Dissatisfaction with previous job					
Unemployment / redundancy					
Greater monetary rewards					
Independence and flexibility					
Product / service idea					
Attractive franchising opportunities					
Identified market opportunities					
Inherited family business					

Others, please state____

32. What was the **major source** of funding used to establish your firm? *(Circle one only)*

[i] Personal savings	1
[ii] Private investors	2
[iii] Bank or Trust company loans	3
[iv] Venture capital	4
[v] Public stocks	5
[vi] Family / friends loans	6

[vii] Others, please specify________________________________

33. Please rate these constraints and problems hindering the success and expansion of y your firm. (1 = Extreme hindrance; 2 = Big hindrance; 3 = Moderate hindrance; 4 = Little hindrance; 5 = None)

Small size of local market	1	2	3	4	5
Distance from other large cities	1	2	3	4	5
Intense competition	1	2	3	4	5
Economy lacks diversity	1	2	3	4	5
Cyclical local economy	1	2	3	4	5
Lack of knowledge in seeking assistance in running business	1	2	3	4	5
Inadequate capital	1	2	3	4	5
Inability to attract qualified staff	1	2	3	4	5
Difficulty to retain good management	1	2	3	4	5

SECTION 7. COMPETITIVE STRATEGY

34a. Did you have a well developed business plan **when establishing** your business?
Yes 1 No 2 If yes, was management assistance obtained from

[i] government agencies	1
[ii] private agencies	2
[iii] community college, university	3
[iv] financial agencies/banks	4

[v] others, please specify____________________

b. Do you have a formal business plan **now**? Yes 1 No 2

If yes, why?	a) Did it on my own because it was useful	1
	b) Required by outside agency	2

c. When did you **most often** obtain counselling and advice?

[i] At start-up	1
[ii] After start-up	2
[iii] Not at all	3

35. At **start-up**, did your firm focus more on

[i] survival strategies	1
[ii] growth strategies	2

36a. In retrospect, do you think that at the founding of your firm you had sufficient information on the following: [1 = Had very inadequate information; 5 = Had all the necessary information]

a) Market trends	1	2	3	4	5
b) Customer likes and dislikes	1	2	3	4	5
c) Suppliers	1	2	3	4	5
d) Distributors	1	2	3	4	5
e) Your competitors	1	2	3	4	5
f) Production processes	1	2	3	4	5
g) How to market	1	2	3	4	5
h) How to keep accounts	1	2	3	4	5
i) How to manage people	1	2	3	4	5
j) Government regulations	1	2	3	4	5
k) The extent of needed capital	1	2	3	4	5

b. In retrospect, do you think you gave insufficient **attention** to any of the above?
Yes 1 No 2
If yes, please indicate which ones____________________________

c. In retrospect, do you think in preparing your strategy that **useful** additional information could have been obtained **without undue cost** on the following areas: [1 = Yes, with little difficulty/ cost; 5 = Only with tremendous difficulty/costs]

On market trends	1	2	3	4	5
On customer likes and dislikes	1	2	3	4	5
On suppliers	1	2	3	4	5
On distributors	1	2	3	4	5
On your competitors	1	2	3	4	5
On production processes	1	2	3	4	5
On how to market	1	2	3	4	5
On how to keep accounts	1	2	3	4	5
On how to manage people	1	2	3	4	5
On government regulations	1	2	3	4	5
On the extent of needed capital	1	2	3	4	5

d. Looking back, which of the following best represents your position at start-up? Tick only **one** of the statements.

At the outset I had only a sketchy idea of how my business would compete	1
At the outset I had an outline but intuitive idea of how my business would compete	2
At the outset I had an outline and explicit idea of how my business would compete	3
At the outset I had an outline idea with some aspects worked out in detail of how my business would compete	4
At the outset I had a comprehensive understanding of how my business would compete	5

e. In retrospect, do you think your understanding of how the business would compete was:

Insufficiently worked out	1
About right	2
Overly worked out	3

f. How far do you agree with the following statements: [1 = Fully Disagree; 5 = Fully agree]

In a start-up business, "the learn as you go" approach does not pay off	1	2	3	4	5
It is critical for a start-up business to have a very detailed and structured business plan	1	2	3	4	5
In a start-up business, planning has to be rather broad in outline and is a matter of 'muddling through' as events unfold	1	2	3	4	5
In a start-up business, decisions have to be opportunistic and adaptive rather than made to follow a carefully structured business plan	1	2	3	4	5

g. Below are six descriptions often used to characterise ways in which firms compete. We are interested in how far each description fits your organization **at the time it was founded**. [1 = Not at all; 5 = Very much]

Your strategy was to:

a) Outperform competitors by producing services or goods at a **lower cost**	1	2	3	4	5
b) Outperform competitors by producing services or goods not currently available. We are the first to introduce **a major innovation**	1	2	3	4	5
c) Outperform competitors by producing services or goods similar to those currently available, but with **special features and/or superior quality.**	1	2	3	4	5
d) Outperform competitors by providing **superior and/or more convenient service** to the customer	1	2	3	4	5
e) Outperform competitors by targeting a **particular type of customer**	1	2	3	4	5
f) Outperform competitors by focusing on a **particular community/ geographical area**	1	2	3	4	5

h. In retrospect, would you change the emphasis on any of the above?

Yes 1 No 2

If yes: a) Which would you emphasize **more**? *(Please indicate)*

____

b) Which would you emphasize **less**? *(Please indicate)*

____

i. At the time you started your business:

	Yes	No
Did you conduct a formal feasibility study on your business?	1	2
Did you have projected financial statements indicating how successful you expect your business to be?	1	2
Did you have a separate, written marketing plan or program?	1	2
Did you have a formal business plan?	1	2
Did outside agencies, such as a bank, require you to have a business plan?	1	2

SECTION 8. GOVERNMENT INVOLVEMENT

37. Who would you **most prefer** as an agent for conducting programmes for small business?

[i] Business persons	1
[ii] Private consultants	2
[iii] University professors with business experience	3
[iv] Community college instructor with business experience	4
[v] Government agencies	5
[vi] Others, please specify________________________	

38. In terms of obtaining business and market counselling site selection assistance, details on provincial and federal government assistance programmes, market information and economic environment, which agencies did you approach?

____

____

Which was the **most helpful** to you and why?

____

____

39. In terms of financial assistance, which agencies did you approach?______________

____

40. Was financial assistance obtained from these agencies when establishing your business? Yes 1 No 2, If yes, which agency provided financial loans and grants for your business?____

____

41. In your opinion, what is the **most appropriate level of government** to give financial and management support to small businesses?_______________________

42. Did you obtain help from an incubator[g] facility when starting your business? Yes 1 No 2, If yes, please specify_____________________________

g: *An incubator is a facility that aids the early-stage growth of companies by providing rental space, shared office services, business consulting assistance, etc.*

In retrospect, what are the **more useful** services an incubator should provide?___

____

____

43. Please rate these government constraints and problems that hinder the success and expansion of your firm. (1 = Extreme hindrance; 2 = Big hindrance; 3 = Moderate hindrance; Little hindrance; 5 = None)

High sales tax (GST)	1	2	3	4	5
High interest rates	1	2	3	4	5
High energy/utilities costs	1	2	3	4	5
Politicians' attitude to small business	1	2	3	4	5
Inadequate education system	1	2	3	4	5
Lack of qualified civil servants with knowledge of small business	1	2	3	4	5
Lack of government information about market opportunities	1	2	3	4	5
Lack of government support in training/retraining workforce	1	2	3	4	5
Lack of small business development strategies	1	2	3	4	5
Rezoning policies of landuse	1	2	3	4	5

44. Please rate the **level of helpfulness** of these government measures to the growth of your business? (1 = Extremely; 2 = Very; 3 = Average; 4 =Some; 5 = None)

Financial assistance	1	2	3	4	5
Tax incentives	1	2	3	4	5
Management assistance	1	2	3	4	5
Education and training/retraining programmes	1	2	3	4	5
Others, please specify____________________	1	2	3	4	5
______________________________	1	2	3	4	5

45. Would you be willing to discuss these issues in greater detail, at your convenience, over the telephone Yes 1 No 2 **or** during an interview? Yes 1 No 2

Please remember to fill out the information on the cover.

THANK YOU FOR YOUR PARTICIPATION!

APPENDIX 2 THE POPULATION OF RETAIL AND SERVICES SECTORS IN THE STUDY AREA

	82/83	83/84	85	86/87	88	89
52 Building materials, hardware, garden supply and mobile home dealers						
5211 Lumber and other building materials	131	151	125	108	147	111
5231 Paint, glass and wall paper stores	68	77	70	91	69	53
5251 Hardware stores	75	80	78	65	75	56
5261 Retail nurseries and garden stores	19	21	19	14	18	16
5271 Mobile home dealers	13	12	10	9	10	9
TOTAL	**306**	**341**	**302**	**257**	**319**	**245**
53 General merchandise stores						
5311 Department stores	34	30	28	26	26	21
5331 Variety Stores	NA	NA	7	6	8	4
5399 Misc. general merchandise stores	NA	NA	16	14	23	13
TOTAL	**34**	**30**	**51**	**46**	**57**	**38**
54 Food stores						
5411 Grocery stores	492	518	455	368	456	383
5422 Freezer and locker meat provisioners	17	15	14	13	14	12
5423 Meat and fish (seafood) market	58	57	54	49	62	45
5431 Fruit stores and vegetable markets	17	17	16	16	16	16
5441 Candy, nut and confectionery stores	37	40	26	26	36	31
5451 Dairy products stores	2	4	2	2	5	3
5462 Retail bakeries, baking and selling	51	60	53	50	62	54
5463 Retail bakeries, selling only	49	49	39	36	43	35
5499 Misc. food stores	52	57	51	47	45	54
TOTAL	**775**	**817**	**706**	**605**	**748**	**630**
55 Auto dealers and gasoline service stations						
5511 New and used car dealers	86	84	93	93	116	75
5521 Used car dealers	41	36	29	29	40	33
5531 Auto and home supply stores	185	192	166	145	168	119

5541 Gasoline service stations	248	258	244	226	299	260
5551 Boat dealers	23	22	19	17	17	12
5561 Recreation and utility trailer dealers	15	13	16	16	17	10
5571 Motorcycle dealers	12	13	12	13	12	7
5599 Automotive dealers	8	10	9	10	8	4
5611 Men's and Boy's Clothing and Furnishings	126	114	97	84	103	99
5621 Women's ready to wear stores	260	266	224	200	280	296
5631 Women's accessory and specialty stores	93	95	80	70	98	78
5641 Children's and infant wear stores	18	16	13	9	11	13
5651 Family clothing stores	123	135	115	95	157	139
5661 Shoe stores	107	118	99	94	117	126
5681 Furriers and fur shops	21	22	21	17	21	19
5699 Misc. Apparel and accessories	40	51	40	41	73	55
TOTAL	**788**	**817**	**689**	**610**	**860**	**825**
57 Furniture, home furnishings and equipment stores						
5712 Furniture Stores	103	103	83	75	99	84
5713 Floor covering stores	78	74	60	54	67	56
5714 Drapery and upholstery stores	54	51	40	33	49	34
5719 Misc. home furnishings stores	95	94	89	73	88	75
5722 Household appliance stores	116	123	109	83	90	69
5732 Radio and television stores	61	62	53	0	52	52
5733 Music stores	97	103	81	72	86	75
5734 Computer and software stores	NA	NA	NA	NA	NA	21
TOTAL	**604**	**610**	**515**	**440**	**531**	**445**
58 Eating and drinking places						
5812 Eating places	881	992	384	401	1021	933
5813 Drinking places	95	114	70	61	73	102
TOTAL	**976**	**1106**	**454**	**462**	**1094**	**1035**
59 Miscellaneous retail						
5912 Drug stores and propriety stores	158	163	149	136	155	154
5921 Liquor stores	26	25	20	20	33	26
5931 Used merchandised stores	184	183	154	141	192	161
5941 Sporting goods and bicycle shops	98	101	82	78	103	98

5942 Book stores	64	73	58	57	78	67
5943 Stationery stores	36	37	32	31	27	33
5944 Jewelry stores	126	147	115	106	129	110
5945 Hobby, toy and game shops	68	69	51	50	59	54
5946 Camera and photographic supply stores	22	23	22	22	27	27
5947 Gift, novelty and souvenir stores	113	139	102	89	132	153
5948 Luggage and leather goods stores	18	17	11	9	11	13
5949 Sewing, needlework and piece goods	28	39	31	23	32	30
5961 Mail order houses	9	11	12	11	14	8
5962 Merchandising machine operators	8	10	6	8	13	10
5963 Direct selling organizations	55	53	49	42	52	34
5982 Fuel and ice dealers	2	1	5	8	3	1
5983 Fuel oil dealers	6	6	6	6	6	5
5984 Liquefied petroleum gas dealers	15	15	13	12	16	13
5992 Florists	93	98	81	77	105	100
5993 Cigar stores and stands	32	32	28	23	30	32
5994 News dealers and newstands	10	8	5	5	6	9
5999 Misc. retail stores	246	239	196	178	211	198
TOTAL	**1418**	**1489**	**1225**	**1125**	**1056**	**1343**

70 Hotels, rooming houses, camps and other lodging places

7011 Hotels, motels and tourist courts	70	74	67	66	75	63
7021 Rooming and boarding houses	1	2	3	3	4	2
7032 Sporting and recreational camps	8	7	6	5	7	4
7033 Trailering parks for transients	2	3	3	3	4	4
7041 Membership, basis organization hotels	5	6	4	4	7	8
TOTAL	**86**	**92**	**83**	**81**	**97**	**80**

72 Personal Services

7211 Power launderies, family and commercial	14	14	12	12	15	6
7212 Garment pressing and Cleaners' agents	59	51	45	41	62	51
7213 Linen supply	3	3	2	1	3	2
7214 Diaper service	0	0	0	0	0	0
7215 Coin-operated laundries and cleaning	27	30	19	18	23	17

7216 Dry cleaning plants, except rug	90	97	78	66	86	84
7217 Carpet and upholstery cleaning	111	119	85	74	95	62
7218 Industrial launderers	6	5	5	5	6	2
7219 Laundry and garment services	31	29	28	26	39	40
7221 Photographic studios, portrait	59	58	48	41	68	60
7231 Beauty shops	357	397	353	322	481	460
7241 Barber shops	124	128	115	106	124	111
7251 Shoe repair and hat cleaning shops	27	31	25	25	37	44
7261 Funeral service and crematories	12	12	12	11	11	12
7299 Misc. personal services	152	151	158	128	185	136
TOTAL	**1072**	**1125**	**985**	**876**	**1235**	**1087**
73 Business services						
7311 Advertising agencies	88	87	76	73	105	72
7312 Outdoor Advertising services	10	8	9	9	9	11
7313 Radio, T.V. publisher representatives	NA	NA	NA	NA	NA	2
7319 Advertising	16	15	15	16	21	11
7321 Credit reporting and collection	26	24	21	20	26	14
7331 Direct mailing advertising services	9	7	5	3	3	5
7332 Blueprinting and photocopying	13	14	12	13	23	20
7333 Commercial photography and art	164	139	129	113	153	148
7339 Stenographic and reproduction	10	9	8	9	11	12
7341 Window cleaning	7	6	6	6	12	10
7342 Disinfecting and exterminating	9	8	9	8	10	10
7349 Building maintenance services	176	161	143	123	188	153
7351 News syndicates	7	3	4	4	5	4
7361 Employment agencies	76	46	40	36	41	38
7362 Temporary help supply services	21	15	13	13	19	19
7369 Personal supply services	5	4	3	3	4	1
7372 Computer programming and software	52	57	53	48	96	77
7374 Data processing services	115	106	92	80	99	76
7377 Computer rental, leasing	NA	NA	NA	NA	NA	2
7379 Computer related services	118	123	134	115	146	111
7391 Research and development laboratories	21	19	16	13	23	17
7392 Managment and public relations	588	530	431	391	519	449

7393 Detective and protective services	51	46	35	29	36	29
7394 equipment rental and leasing	190	174	165	145	183	140
7395 Photofinishing laboratories	58	57	55	51	69	58
7397 Commercial testing laboratories	11	11	11	10	16	14
7399 Business services	1687	1131	879	971	2543	959
TOTAL	**3528**	**2802**	**2364**	**2302**	**4360**	**2458**
75 Auto repair, services and garage						
7512 Passenger car rental and leasing	79	70	59	49	65	51
7513 Truck rental and leasing	32	25	19	16	22	19
7519 Utility trailer rental	32	28	21	19	22	17
7523 Parking lots	16	17	11	11	15	10
7525 Parking structures	1	2	2	2	2	1
7531 Top and body repair shops	153	166	127	116	149	119
7534 Tire and retreading and repair shops	23	27	21	20	27	25
7535 Paint shops	116	116	119	103	107	83
7538 General automotive repair shops	261	315	286	225	329	215
7539 Automotive repair shops	160	170	171	152	184	157
7542 Car washes	71	67	51	52	66	51
7549 Automotive services	50	60	50	51	66	53
TOTAL	994	1063	937	816	1054	801
76 Miscellaneous repair services						
7622 Radio and T.V. repair	49	52	44	42	46	34
7623 Refrigeration service and repair	15	18	17	16	20	15
7629 Electrical repair shop	69	67	60	59	87	97
7631 Watch, clock and jewelry repair	19	20	14	13	18	15
7641 Reupholstery and furniture repair	51	52	42	35	49	41
7692 Welding repair	36	39	32	28	40	32
7694 Armature rewinding shop	12	10	8	8	8	7
7699 Repair services	252	263	220	199	250	216
TOTAL	**503**	**521**	**437**	**400**	**518**	**457**
78 Motion picture						
7812 Motion picture production and services	NA	1	1	1	NA	NA
7813 Motion picture production, except T.V.	17	19	13	11	13	14

7814 Motion picture production for T.V.	17	23	21	20	35	32
7819 Services allied to motion pictures	9	9	5	5	5	5
7823 Motion picture film exchanges	1	5	6	5	15	13
7824 Film or tape distribution for T.V.	2	24	18	14	29	15
7829 Motion picture distribution services	2	1	NA	NA	1	NA
7832 Motion picture theatres, exclude drive-in	32	32	16	16	36	24
7833 Drive-in motion picture theatres	17	14	4	4	15	5
7841 Video tape rental and retail	NA	NA	NA	NA	NA	46
TOTAL	**97**	**130**	**84**	**76**	**150**	**154**
79 Amusment and recreation services except motion pictures						
7922 Theatrical producers and services	19	17	12	12	17	15
7929 Entertainers and entertainment groups	26	39	27	33	61	54
7932 Billiard pool establishment	36	37	26	22	31	23
7933 Bowling alleys	30	29	22	19	35	24
7941 Sports clubs and promoters	16	12	8	7	13	7
7948 Racing, including track operation	14	14	10	11	12	8
7992 Public Golf course	4	6	3	4	8	4
7993 Coin-operated amusement devices	42	56	36	28	38	20
7996 Amusement parks	36	36	20	18	38	19
7997 Membership sports and recreation clubs	78	84	59	54	92	78
7999 Amusement and recreation	126	136	90	86	146	107
TOTAL	**458**	**491**	**334**	**307**	**526**	**379**
80 Health services						
8011 Offices of physicians	767	489	440	431	611	497
8021 Offices of dentists	357	260	230	237	304	285
8041 Offices of chiropractors	58	46	44	46	58	51
8042 Offices of optometrists	93	62	65	59	69	50
8049 Offices of health practitioners	62	66	63	58	77	80
8051 Skilled nursing care facilities	15	12	8	7	14	19
8059 Nursing and Personal care	5	6	5	4	4	5
8071 Medical laboratories	32	25	21	18	31	32
8072 Dental laboratories	84	81	80	82	85	99
8091 Health and allied services	7	6	5	5	7	21
TOTAL	**1501**	**1070**	**978**	**962**	**1278**	**1153**

81 Legal services						
8111 Legal services	368	362	339	317	420	299
TOTAL	**368**	**362**	**339**	**317**	**420**	**299**
82 Educational services						
8243 Data processing schools	1	1	NA	NA	1	1
8244 Business and secretarial schools	5	4	NA	NA	NA	NA
8249 Vocational schools	21	23	1	2	8	8
8299 Schools and educational services	77	74	4	26	46	60
TOTAL	**104**	**102**	**5**	**28**	**55**	**69**
83 Social services						
8331 Job training and related services	5	5	NA	NA	NA	1
8351 Child daycare services	135	165	NA	NA	227	239
TOTAL	**140**	**170**	**NA**	**NA**	**227**	**240**
84 Museums, art galleries, botanical zoological gardens						
8411 Museums and art galleries	22	23	6	20	24	16
TOTAL	**22**	**23**	**6**	**20**	**24**	**16**
89 Miscellaneous services						
8911 Engineering and architectural services	460	404	351	328	403	279
8931 Accounting,auditing and bookkeeping	323	278	231	232	334	272
8999 Non-classified services	41	34	28	29	41	15
TOTAL	**824**	**716**	**610**	**589**	**778**	**566**

APPENDIX 3. REVIEW OF GOVERNMENT ASSISTANCE: AGENCIES AND PROGRAMMES

There are basically two levels of government support and assistance provided for the small business sector by various federal and provincial backed agencies. Assistance ranges from financial loans and grants to information on overseas markets. Section A.1 will review the federal agencies that provide assistance to small businesses. Section A.2 will outline the programmes available to businesses in Alberta and Section A.3 will provide a review of entrepreneurial education in the form of entrepreneurial development programmes provided by the academic institutions and the private and public sectors.

A.1 Federal Assistance

A.1.1 Federal Business Development Bank (FBDB)

The FBDB is a crown corporation that provides businesses in Canada with financial and management services. This agency assists businesses in the following areas:

•**Financial services**: Every type of new or existing Canadian firm that does not have any other sources of financing made available to it under reasonable terms and conditions is eligible for financial assistance according to the specific needs of the business. Assistance is available in the form of loans, loan guarantees, interim financing and venture capital (Williamson, 1991).

•**Financial Planning Programme**: The programme offers a series of do-it-yourself financial planning kits, as well as a series that assists small- and medium-sized businesses in the preparation and the presentation of their financial proposals (Canada Communications Group, 1991).

•**Counselling Assistance to Small Enterprises (CASE):** this programme uses the experience and expertise of successful business people to assist other small firms to improve their methods of business operation. Experienced counsellors provide advice in all areas of business management such as accounting, personnel, marketing and production (Halvorson, et.al.,1992).

•**Training**: FBDB conducts management training seminars throughout Canada to help owners and managers of small businesses to improve their management skills. Available services are: full and half day seminars on various business topics, joint seminars organized with professional and industrial associations and business management courses offered through various adult education departments of community colleges across Canada (Canada Communications Group, 1991).

•**Publications**: *Minding your Own Business* is a series of publications put out by FBDB, presenting a variety of business-related topics. Another FBDB publication is *Profit$*, a quarterly tabloid that is made available to businesses through the mail at no charge (Canada Communications Group, 1991).

•**Community Businesss Initiative Programme:** This programme targets smaller communities and provides business persons with training and counselling. Group workshops are organised for the duration of twelve months, as well, individual counselling at the participant's place of business is available. This programme is also partly funded by Employment and Immigration Canada (Horsley, Huras, Kupezak and Schibler, 1991).

•**Strategic planning service:** Owners and managers are assisted through this service to formulate their attainable objectives and plan for the implementation of activities in their firms to achieve these objectives. The process helps to identify major opportunities, threats, strengths and weaknesses of a business (Edmonton Economic Development Authority, 1989).

•**Business Information Centre (BIC)**: The aim of this service is to reduce the public's search time in identifying the different types of assistance according to their specific needs. The centre also provides a telephone service where the public and business people can obtain information about business assistance programs offered by the various levels of government. BIC offers information on financial and technical assistance and other business related information. It also develops and maintains an information bank on all levels of government activities and programs affecting businesses (Alberta Career Development and Employment, 1989).

A.1.2 Employment and Immigration Canada (EIC)

EIC is basically responsible for employment and immigration programmes. However, EIC also provides support for small businesses with programmes that are relevant in assisting their human resource needs.

•**CHALLENGE programme**: This programme is offered by EIC through the FBDB. Students who are returning to school full-time in the fall are eligible for an interest-free loan of up to $3,000 to operate their own business during the summer. The loan, however, must be paid in full at the end of that summer (Alberta Career Development and Employment, 1989).

•**Community Futures:** This programme aims to assist communties to adapt to the changing economic environment and increase permanent employment. Communities outside metropolitan areas with high unemployment are the major target groups. Through a local community futures committee, businesses are provided with five different forms of assistance: services and loans to small businesses (Business Development Centre), income support for unemployed persons who are establishing their own business (Self-employed initiative), relocation and exploratory assistance, occupational training for workers to meet the needs of skills improvement, support for innovative business proposals that stimulate growth (Community Initiatives Fund).

•**Skills Investment Programme**: helps individuals whose employment is threatened by changing technology and market conditions. Several options are offered under this programme. The Training Trust Fund encourages employees and employers to share the responsibility for training through trust fund contributions. The retraining option offers financial aid to employers who need to retrain their workers. The Continuing Employment option provides financial assistance for training, wages and other costs incurred by employers who need to hire and train displaced workers.

•**Skills Shortage Programme**: assists employers to find workers with skills designated as being in short supply. Various options are offered to match workers with available employment. Financial aid is also given to employers to train employees in these designated occupational skills.

•**Human Resources Planning Programme**: provides small business employers to gain skills in human resource planning. These employers are given the opportunity to participate in seminars and have assess to individual consultations with private sector consultants or sessions with EIC counsellors specializing in human resource planning.

•**Canada Employment Centres:** Small businesses can receive various kinds of assistance at these centres in these areas: help in finding qualified staff, information about programmes can be obtained through their small business counsellors, counselling and seminars are available to companies with less than 100 employees and the centres have a human resource planning staff that assist firms in the planning of present and future employment requirements to ensure efficient usage of labour.

A.1.3 Investment Canada (IC)

Investment Canada, established in 1985, promotes and facilitates investment in Canada and conducts investment research to provide the Minister of Industry, Science and Technology with policy advice on investment matters.

•**Investor services**: this service provides potential investors with the information on market opportunities for investment in Canada. Information includes the availability and costs of industrial land, current and forcasted markets for a particular product, joint venture opportunities and government funding. This service also helps investors to make the right contacts with the government and private sector officials (Horsley,huras, Kupezak and Schibler, 1991).

•**Investment prospecting**: small- and medium-sized high technology firms are assisted through this service to attract capital through equity investments and joint ventures. As well, IC aims to persuade and attract foreign high technology firms into Canada through this service (Oakdale, 1992).

A.1.4 Industry, Science and Technology and Canada

ISTC, established in 1990, is responsible for the developing and promoting of industry and science policies and programs to encourage economic growth. In addition, it aims at encouraging innovation and research and development to improve competitiveness and supports efforts of small- and medium-sized businesses to expand domestic and international sales. As well, ISTC is responsible for aboriginal peoples' economic development across Canada (Williamson, 1991).

•**Aboriginal Business Development and Joint Ventures Programme**: This programme gives financial assistance to aboriginal entrepreneurs and communities to enable them to establish businesses. In addition, support in terms of technical and professional advisory services (from the private sector) is also provided. Joint ventures with non-aboriginal business persons are also encouraged under this programme (Canada Communications Group, 1991).

•**Advanced Industrial Materials Networks**: This programme encourages and supports co-operation among businesses, research centres, universities and associations in the area of advanced industrial materials. This network hopes to generate co-operation across disciplines and sectors.

•**Business Development Centres:** These centres, located in every regional office, provide information on programs related to industry, trade, technology and science.

•**Business Opportunities Sourcing System (BOSS)**: provides basic information on over 27,000 Canadian businesses. It compiles a computer listing of Canadian manufacturers, international trading houses and service firms. Users can utilise BOSS to locate Canadian suppliers, identify products and services for sourcing and assess market opportunities.

•**Canadian Awards for Business Excellence:** Annual awards are given to honour outstanding businesses in the following areas: invention, innovation, industrial design, entrepreneurship, environment, marketing, small business and quality. Businesses of all sizes and sectors are considered (Alberta Career Development and Employment, 1989).

•**DISTCOVERY Programme**: aims at assisting entrepreneurs in identifying new business opportunities. A library of Canadian and foreign directories, brochures, newsletters and a database of products and services available for licensing in Canada and the world (Industry, Science and Technology Canada, 1991).

•**Entrepreneurship Awareness Programme**: promotes entrepreneurship and encourages more awareness of social, economic and cultural benefits and fosters a positive attitude toward self-employment (Oakdale, 1992).

•**Free Trade Clinics:** These clinics are a day in duration and provide information on free trade to entrepreneurs and professionals in the business community. The sessions provide insight on the Free Trade Agreement and its impact on the Canadian economy (Canada Communications Group, 1991).

•**Interfirm Comparison Programme**: Businesses are assisted, by this programme, to improve productivity, profitability and competitiveness through the measurement of their performance with that of other firms involved in the same type of activity. A report, that reviews its strengths and weaknesses, is given to each participating firm (Canada Communications Group, 1991).

•**Management Workshops**: Groups of 10 to 15 managers are given the opportunity to discuss various issues relating to the management of small-and medium-sized firms. Discussions covers present and future management planning, innovation and marketing strategies. The workshops are half-day in duration and conducted by a consultant in a forum setting (Canada Communications Group, 1991).

•**Small Business Loans Act**: Small businesses (gross revenues not exceeding $20 million) are eligible to obtain loans from chartered banks and designated lenders, to finance specified fixed asset needs such as the purchase of land, upgrading of premises and equipment. Small businesses operating in the communications, construction, fishing, manufacturing, retail and wholesale trade, transportation and services businesses are eligible for the business improvement loans. Business Improvement loans are made directly to the small business by approved lenders and the act allows for loss-sharing arrangements between lenders and the federal government (Alberta Career and Development Authority, 1989).

A.1.5 Western Economic Diversification (WED)

This department serves as a focus for federal economic activities in Western Canada and aims at the development of new businesses and existing business structure. The department is responsible for the co-ordination and communication of all federal programs and activities that contribute to the economic development and diversification of the West. Therefore, WED helps in countering some of the vulnerability that the West traditionally experienced because of the dominance of resource industries and the swings in commodity prices (Government of Canada, 1991).

•**Western Diversification Fund:** represents a committment of $1.2 billion to assist businesses who are contributing to the diversification of the western Canadian economy in the following areas: the manufacture of new products, development of new markets, development and utilisation of new technology, replacing import commodities, enhancing the productivity of an industry sector. Successful applicants can receive repayable and non-repayable financial contributions from WED (Edmonton Economic DEvelopment Authority, 1989).

•**Western Procurement Initiatives (WPI)**: WED with Supply and Services Canada work to co-ordinate the WPI. The aim is to increase high value added federal procurement by $600 million over the next few years. In addition, WED works with the ministers of Small Business and Tourism and Supply and Services to ensure that small businesses have the opportunities to enter into the supply and servicing of major government contracts under the Access Small Business Initiatives (Canada Communications Group, 1991).

•**Pathfinding Referral Service**: WED offers a referral service to businesses who are unable to secure funding through the WDF. WED will assist in searching for alternatve sources of information or funding for the businesses (Edmonton Economic Development Authority, 1989).

A.1.6 Statistics Canada

Statistics Canada is the nation's central statistical agency which offers information on socio-economic characteristics and activities of individuals, households and public institutions. The Small Business and Special Surveys Division was established in 1988, specializing in small business information and resources available to small businesses. In collaboration with ISTC, provincial and territorial governments, the small business statistics program was created. Under this program, several data sources are provided. (1) Small business profiles which consist of financial data for most industries by province and territory. (2) Data on the number of businesses by employment and payroll sizes are available by industry sector for all provinces and territories. (3) Sale area information for 34 types of independent retail businesses for all provinces and territories and information on single and independntly operated franchises are available.

A.2 Provincial Assistance

A.2.1 Alberta Economic and Trade (AEDT)

AEDT offers various services to the public and businesses to promote the growth and diversification of the province's economy through the Small Business and Industry Development Division. This division provides business counselling, guidebooks, community profiles and site location assistance.

•**Alberta Business Incubator Support Programme:** this programme's goal is to assist communities with the development and initial operations of business incubators. The programme defines an incubator as a group of agencies that oversee the development of a new small business. Financial assistance is available for the development and initial operational stages for the business incubator in the community (Alberta Career Development and Employment, 1989).

•**Alberta Locations Programme**: This programme assists new and expanding businesses to choose suitable site locations within Alberta. Assistance includes community profiles containing demographic, economic and statistical data on most areas of Alberta. As well, investment data sheets concerning the current business climate and basic facts about available industrial land in Alberta are offered. Under this programme, a consultation service, about the Albertan business and investment structure, is offered to businesses (Williamson, 1991).

•**Alberta Motion Picture Development Corporation (AMPDC)**: The purpose of the AMPDC is to assist the growth of the commercial motion picture industry. Loans are made to qualified motion picture producers based primarily in Alberta (Alberta Career Development and Employment, 1989).

•**Alberta Opportunity Company (AOC)**: This crown corporation offers financial and management assistance to help develop Alberta small business. AOC provides consulting services to small business clients, covering the areas of building construction, retail merchandising, manufacturing, marketing, finance and accounting and business analysis. AOC also acts as a term lender; financing is provided by loans and loan guarantees. Most of the loans are used for capital assets, inventory financing and the purchase of existing businesses. AOC also administers a student loan program that assists full-time college students in starting a summer business. The Venture Funding Division of the AOC provides equity investments in small- and medium-sized businesses that require funding between $250,000 to 1 million dollars. Businesses in leading-edge technology, tourism, forestry and manufacturing are given preference. The Seed Funding Division also offers equity investment for research and development, patent applications, development of finance and marketing plans,however, emphasis is given to high-technology or unique products.

•**Alberta Physical Distribution Programme:** This programme features seminars, workshops and consulting assistance with the aim of improving and implementing physical distribution practices within their firms. Businesses and associations in Alberta that are involved with the movement, handling and storage of goods are eligible (Williamson, 1991).

•**Business Counselling**: this counselling program assists and supports businesses to develop and grow and subsequently contribute to the economic well-being of their community and the province. The Small Business Counselling and Development Branch provides self-help professional counselling services to new and expanding businesses. Counselling is available for finance, marketing, merchandising and manufacturing (Alberta Career Development and Employment, 1989).

• **Management Assistance Programme:** this programme is designed to help Alberta's small business community to operate more effectively through the expertise of management consultants. It aims to improve the organisation, service and profit structure of the small business through education and a self-help approach. The programme includes individual firm research, counselling follow-up and programme review. The programme is spread over a five month period and includes ten hours of counselling on an individual company basis (Williamson, 1991).

•**Business workshops**: The workshops cater to large groups but individuals are also assisted through the Business Counselling and Management Assistance programmes. The workshops can be conducted by the AEDT staff or a private consulting firm and are half- or full- day in duration. Workshops are organised with the client's specific needs and requests in mind are offered through a local Chamber of Commerce or Trade Association (Oakdale, 1992).

•**Market Development Assistance Programme**: The target group for this programme are manufacturing and service businesses which offer products/services for export outside of Alberta. Grants, up to a maximum of $10,000 per annum are provided for foreign trade travel, trade fair participation and invitations to incoming buyers (Alberta Career Development and Employment, 1991).

•**Market Feasibility Study Programme:** This programme is designed to help new and existing small manufacturing or processing firms in the undertaking of market feasibility studies either for the introduction of a new product or increasing the market area of an existing product. Applicants must be referred by the department's own consulting staff (Edmonton Economic Development Authority, 1989).

•**Small Business Guides:** AEDT has designed and produced a series of booklets by the Small Business Division. The series are offered at no charge and include these titles:

-Starting a business in Alberta
-Financing a business in Alberta
-Marketing for a small business in Alberta
-Operating a small retail business in Alberta
-Operating a small service business in Alberta
-Operating a small manufacturing business in Alberta
-Selecting a computer system in Alberta
-Bookkeeping for a small business in Alberta

•**The Business Line:** this telephone service is operated by staff who are capable of answering general questions on financing, marketing, manufaturing, product processing and available business programs. Businesses that have specific needs can also be referred to the department's business counsellors or the appropriate government department and business organisation (Edmonton Economic Development Authority, 1989).

•**The International Business Information Service:** This service can be made available to any business from a computer and the appropriate software via the modem. This service offers the latest information on trade and market opportunities (Alberta Career Development and Employment, 1991).

•**Western Purchasing Information Network:** This network provides tender information from the purchasing branches of the governments of British Columbia, Alberta, Saskatchewan and Manitoba. This service is made available through the computer, software, telephone and modem (Alberta Career Development and Employment, 1991).

•**Investment Matching Service of Alberta**: promotes business formation and new investment by matching potential investors and business opportunities through a personalised counselling service and a computerised matching system. The matches are generated by the computer and are conducted at no charge (Edmonton Economic Development Authority, 1989).

A.2.2 Vencap Equities

The Alberta government established this venture capital fund to invest in Alberta-based projects. The Heritage Savings Fund provided the initial funding of a $200 million loan; the issue of convertible debentures provided $40 million and a further $4 million was obtained from the issue of common shares (Williamson, 1991).

A.2.3 Spurt Investment I

Established in 1985, this private venture capital limited partnership makes debt and equity investments in new Alberta technology businesses. The general partner and manager of the fund is Alta-Can Telecom Inc. and the limited partners are: Alberta Research Council, AGT Employee's Pension and Death Benefit Fund, Churchill Corporation, Gold Bar Development Ltd.,TransAlta Resources Investment Corporation, Petro-Canada, I-XL Investments, Medicine Hat, Vencap Seed Ventures (Williamson, 1991).

A.2.4 Alberta Treasury

Alberta Treasury assists small business through the following initiatives:

•Alberta Small Business Deduction (ASBD): This is a 9.5% reduction of the active business income from the provincial corporation tax rate of 15.5% for the first $200,000 of small business income.

•Small Business Installment Waiver: Businesses that claim the ASBD and have less than $500,000 taxable income are exempt from making tax instalments and defer payments until three months after their year end (Williamson, 1991).

A.2.5 Alberta Tourism

Alberta Tourism offers assistance to small businesses involved in tourism through these initiatives:

•**Business Development Branch**: Consultation is offered to tourism entrepreneurs in the areas of market analysis and financial viability, permit regulations, planning and policy components (Williamson, 1991).

•**Alberta Best:** This programme provides training initiatives for service excellence for tourism business owners and managers. Owners and managers are offered the opportunity of a two day seminar and one day seminars are also conducted to train the staff to provide high quality service to visitors. The purpose is to encourage and promote Alberta as a favourable tourist destination (Williamson, 1991).

•**Market Planning Skills Programme**: This programme conducts workshops that assists tourism business owners and their local community and chambers of commerce to develop a market plan to promote tourism to various markets (Oakdale, 1992).

•**Team Tourism**: This programme is funded by the Lottery Fund and administered by Tourism Industry Associations of Alberta in association with Alberta Tourism. The aim is to encourage co-operation of marketing efforts between the private sector and Alberta's 14 tourist zones. The programme assists the businesses to make their own marketing efforts which range from advertising, literature and audio and visual materials, displays, trade and consumer travel shows, market research and promotional activities (Williamson, 1991).

•**Community Tourism Action Programme:** provides financial assistance to private sector operators and non-profit groups and municipalities who would like to implement tourist-oriented capital development projects. Assistance is offered in the areas of land costs, land improvement costs, building and structures, machinery and equipment and consultant fees (Edmonton Economic Development Authority, 1989).

A.2.6 Alberta Technology, Research and Telecommunications

This department is committed to the diversification of the Alberta economy through the support of science and technology. Businesses and organisations are assisted to develop advanced technology with the following initiatives:

•**Technology Commercialisation Programme:** Grants are offered to assist with feasibility studies, prototype development market studies and the production of intellectual property. Businesses that produce electronics, telecommunications, computers and software are target groups for this program. Assistance are given for product research and development, purchase of equipment, business and work plans and legal fees for patents (Williamson, 1991).

•**Inventor Assistance**: Individual inventors can obtain help in evaluating and marketing their inventions. Services include concept development, product development and testing, patent search and registration, product licensing, product marketing and identifying sources of financing (Williamson, 1991).

A.3 Entrepreneurial Education Programmes in Alberta

Besides financial and management assistance, there are an abundance of entrepreneurship development programs and conferences organised and sponsored by the public and private sectors, government agencies and academic institutions. A more comprehensive oultine of the following programs can be found in *Profiles of Entrepreneurship Programs in Alberta and the Norhtwest Territories, 1991*.

A.3.1 Alberta Education

Alberta Education offers Business Studies 9 to junior high school students with the opportunity to learn the basic skills and knowledge of business related topics such as business and economics basics, business innovation, business planning, financing and managing a business. Senior high school students are offered Enterprise and Innovation 20 - 30 to enable them to acquire and develop knowledge and skills in business studies (Alberta Economic Development and Trade, 1990).

A.3.2 Management Adivsory Institute (MAI)

This institution, based on the University of Alberta, sponsored by the Edmonton Chamber of Commerce, Alberta Vencap Equities and the private sector aims at improving the management capabilities of the Alberta economy infrastructure. The role of the institution is to facilitate the transfer of management expertise from the Faculty of Business at the University of Alberta to the community. Therefore, it acts as a network between the business, academic and student communities. Some of the activities organized are:

•**New Venture Programme**: Under this programme, business plans are developed for local entrepreneurs by university business students.

•**Internal Corporate Venturing Programme:** has coordinated summer employment for MBA students, which encourages the students to conduct feasibility studies for new products in Alberta businesses.

MAI also organizes annual seminars on innvation and technology in the marketplace.

A.3.3 Alberta Foundation for Economic Education (AFEE)

AFEE was established as an independent non-profit organization in 1978. The aim is to promote knowledge of the operation of the market economy to students, teachers and the business community. Curriculum resource materials are offered to the students and essay writing contests are organized for high school students. AFEE also sponsors an annual conference for students, teachers and business persons.

A.3.4 Alberta Opportunity Company (AOC)

AOC organises an annual 3 day entrepreneurs' conference to promote entrepreneurship by offering information to launching and managing a business. The conference invites successful entrepreneurs and legal, accounting and financial advisors to share their experiences and expertise.

A.3.5 Junior Achievement of Northern Alberta (JANA)

JANA was established in Edmonton in 1964 to provide secondary school students with a better insight of the marketplace through practical education programs. Students are encouraged to start their own company, select and produce a product or service and operate the company.

A.3.6 Future Entrepreneurs of Canada

This organisation targets any high school with a business education program and encourages students to design projects which provides the opportunity to develop marketing and basic business skills through an annual provincial competition.

A.3.7 YMCA-YWCA Enterprise Centres

These centres were established as a joint venture between Canada Employment and Immigration and the YMCA AND YWCAs of Canada. The centres are designed to assist aspiring entrepreneurs (between the ages of 18 and 40) to develop skills and enhance knowledge in operating small business through seminars on management skills, budgeting and marketing.

Besides the above mentioned programs and organisations, there are other educational facilities in Edmonton that offer a variety of business and management courses. Contact should be made with thses educational facilities to obtain details and information on the courses available. The following institutions are offering courses to individuals that are interested in starting or operating a small business:

Faculty of Extension, University of Alberta
Continuing Education, Northern Alberta Institute of Technology (NAIT)
NAIT Centre for Entrepreneurship
Athabasca University
Grant MacEwan Community College
Continuing Education, Edmonton Catholic Schools
Continuing Education, Edomonton Public Schools
Alberta College

A.4 Local Edmonton Agencies

There are also a number of city agencies that provide useful information on the local economic environment. The information would be more specific in nature and data on the Edmonton region would be readily available.

A.4.1 City of Edmonton Planning and Development Department

This department provides socio-economic forecasts and data on commercial, industrial and residential activity in the city. Also, information on local communities, neighbourhoods and the downtown area can be obtained. In addition, neighbourhood fact sheets, maps and publications on landuse are available. The department's planners can also assist in outlining development plans and information on site selections for new businesses.

A.4.2 Edmonton Chamber of Commerce

The chamber has a resource library that contains publications and reference books that may be helpful to small businesses. It also organizes seminars and luncheons which provide interaction between the business community and government leaders.

A.4.3 Edmonton Economic Development Authority

This organization acts as an initiator to stimulate local business development by providing economic and market information on Edmonton's trading area. Economic development counsellors are available to provide details on provincial and federal business assistance programs. Also, assistance can be obtained for business and market counselling.

A.5 Business Organization

There are various business organizations that represent and assist businesses in interacting with each other as well as with government authorities. However, to be included in these organizations, businesses must be given membership.

A.5.1 Canadian Federation of Small Businesses (CFIB)

CFIB is a political action organization, solely funded by its members, which lobbies for the interests of small- and medium-sized Canadian-owned businesses. CFIB is actively involved in the following areas. The federation conducts research into problems affecting independent businesses and these studies would assist the federation in its efforts to influence government policies. CFIB also compiles and updates data on its members which consists of 2,500 independent businesses. In addition, CFIB supports the Junior Achievment of Canada and has placed many members with the Junior Achievement teaching program so as to better acquaint students and teachers of the importance of entrepreneurship (CFIB phamplet, not dated).

CFIB provides information on government programs (such as government subsidized employment programs, apprenticeship training programs, skills training programs, government loans programs), government regulations (such as Unemployment Insurance, Workers' Compensation Board, federal and provincial taxation) and general assistance is provided to members who may have difficulty dealing with bureaucracy.

APPENDIX 4.

Calculation for chi-square test:

(f) = observed frequency

(F) = expected frequency

chi-square = $\{[(f) - (F)]^2 / 2\}$

Calculation of chi-squares for research hypothesis #1.

Part-time Employment

	No. of Firms employing					
	Male		Female		Male	Female
No. of Employees	(f)	(F)	(f)	(F)	$[(f) - (F)]^2 / 2$	
None	141	109.5	78	109.5	9.06	9.06
1-5	50	79	108	79	10.65	10.65
6-10	4	6.5	9	6.5	0.96	0.96
11-25	2	1.5	1	1.5	0.17	0.17
26-50	1	1.5	2	1.5	0.17	0.17
	198	198	198	198	42.02 =chi-sq.	

degrees of freedom=4, chi-sq. (Table)= 9.488

Full-time Employment

	No. of Firms employing					
	Male		Female		Male	Female
No. of Employees	(f)	(F)	(f)	(F)	$[(f) - (F)]^2 / 2$	
None	73	64	55	64	1.26	1.26
1-5	92	107.5	123	107.5	2.23	2.23
6-10	20	18	16	20	0.22	0.22
11-25	6	4	2	4	1	1
26-50	7	4.5	2	4.5	1.39	1.39
	198	198	198	198	12.2=chi-sq.	

degrees of freedom=4, chi-sq. (Table)= 9.488

Calculation of chi-squares for research hypothesis #2.

Highly-skilled

	No. of Firms employing					
	Male		Female		Male	Female
No. of Employees	(f)	(F)	(f)	(F)	$[(f) - (F)]^2 / 2$	
None	78	83.5	86	80.5	0.36	0.38
1-5	108	104.9	98	101.2	0.09	0.1
6-10	9	7.6	6	7.4	0.26	0.26
11-25	1	1.02	1	0.98	0.0004	0.0004
26-50	2	1.02		1	0.98	0.94
0.98						
	198	198	191	191	3.37=chi-sq.	

degrees of freedom=4, chi-sq. (Table)= 9.488

Semi-skilled

	No. of Firms employing					
	Male		Female		Male	Female
No. of Employees	(f)	(F)	(f)	(F)	$[(f) - (F)]^2 / 2$	
None	137	106	75	106	9.07	9.07
1-5	39	69	99	69	13	13
6-10	10	12	14	12	0.3	0.3
11-25	4	3	2	3	0.3	0.3
26-50	1	1	1	1	0	0
	191	191	191	191	45.34=chi-sq.	

degrees of freedom=4, chi-sq. (Table)= 9.488

Unskilled

	No. of Firms employing					
	Male		Female		Male	Female
No. of Employees	(f)	(F)	(f)	(F)	$[(f) - (F)]^2 / 2$	
None	159	163	167	163	0.098	0.098
1-5	25	22.5	20	22.5	0.28	0.28
6-10	2	2	2	2	0	0
11-25	5	3.5	2	3.5	0.64	0.64
26-50	0	0	0	0	0	0
	191	191	191	191	2.036=chi-sq.	

degrees of freedom=4, chi-sq. (Table)= 9.488

Calculation of chi-squares of research hypothesis #3.

Full-time jobs

Year of establishment of firm

	1-2		3-4		5-10		1-2	3-4	5-10
No. of jobs	(f)	(F)	(f)	(F)	(f)	(F)	$[(f) - (F)]^2 / 2$		
0	62	78.9	85	79.5	91	79.5	3.6	0.38	1.66
1-5	83	62.7	58	63.1	48	63.1	6.6	0.41	3.6
6-10	2	3.9	4	4	6	4	0.91	0	1
11-25	1	1.3	2	1.3	1	1.3	0.069	0.37	0.069
26-50	0	1	0	1	3	1	1	1	4
	148	148	149	149	149	149	24.67=chi-sq.		

degrees of freedom=8, chi-sq. (Table)= 15.507

Part-time jobs

Year of establishment of firm

	1-2		3-4		5-10		1-2	3-4	5-10
No. of jobs	(f)	(F)	(f)	(F)	(f)	(F)	$[(f) - (F)]^2 / 2$		
0	98	106.1	115	108.9	120	108.9	0.62	0.34	1.13
1-5	49	38.7	36	39.7	33	39.7	2.74	0.34	1.13
6-10	5	3.3	4	3.4	1	3.4	0.88	0.11	1.7
11-25	0	0.98	1	1	2	1	0.98	0	1
	152	152	156	156	156	156	10.97=chi-sq.		

degrees of freedom=6, chi-sq. (Table)= 12.592

Calculation of chi-square for research hypothesis #5.

	No. of firms in					
	SIC 56 and 59		SIC 72 and 73			
Degree of Importance	(f)	(F)	(f)	(F)	[(f) - (F)]^2 / 2	
Extremely important	3	1.9	1	2.1	0.66	0.58
Very important	6	3.8	2	4.2	1.2	1.15
Average importance	10	8.1	7	8.9	0.45	0.41
Some importance	6	5.7	6	6.3	0.02	0.044
None	9	14.4	21	15.6	2.01	1.9
	34	34	37	37	8.49=chi-sq.	

degrees of freedom=4, chi-sq. (Table)=9.488

Calculation of chi-square for research hypothesis #6.

Location decision

	No. of firms		
Reasons for location decision	(f)	(F)	[(f) - (F)]^2 / 2
Personal preferences	89	24.25	172.9
Intuition	19	24.25	1.14
Checklists	13	24.25	5.22
Location/allocation analysis	41	24.25	11.57
Economic feasibility studies	16	24.25	2.8
Home/Convenience	3	24.25	18.6
Franchisees/Takeover business	11	24.25	7.2
Building costs	2	24.25	20.4
	194	194	262.13=chi-sq.

degrees of freedom=7, chi-sq. (Table)= 14.067

Market Analysis

	No. of Firms		
Response	(f)	(F)	[(f) - (F)]^2 / 2
Yes	63	97	11.9
No	131	97	11.9
	194	194	23.8=chi-sq.

degrees of freedom=1, chi-sq. (Table)= 3.841

Calculation of chi-square for research hypothesis #7.

	No. of Entrepreneurs		
Time travelled (min.)	(f)	(F)	$[(f) - (F)]^2 / 2$
0-5	94	53.6	30.45
6-15	84	53.6	17.24
16-30	74	53.6	7.8
31-60	14	53.6	29.26
over 60	2	53.6	49.7
	268	268	134.45=chi-sq.

degrees of freedom=4, chi-sq. (Table)= 9.49

Calculation of chi-square for research hypothesis #8.

	No. of Entrepreneurs		
Age groups	(f)	(F)	$[(f) - (F)]^2 / 2$
15-19	8	43.2	28.7
20-24	27	43.2	6.1
25-34	103	43.2	82.8
35-44	83	43.2	36.7
45-54	31	43.2	3.5
55-64	7	43.2	30.3
	259	259	188.1=chi-sq.

degrees of freedom=5, chi-sq. (Table)= 11.07

Calculation of chi-square for research hypothesis #9.

	No. of Entrepreneurs		
Level of education	(f)	(F)	$[(f) - (F)]^2 / 2$
Elementary	11	55.8	53.6
High school	77	55.8	8.05
College	79	55.8	9.6
Basic Degree	50	55.8	0.6
Post-graduate	62	55.8	0.7
	279	279	72.05=chi-sq.

degrees of freedom=4, chi-sq. (Table)= 9.49

Calculation of chi-square for research hypothesis #10.

No. of previous jobs	No. of Entrepreneurs (f)	(F)	$[(f) - (F)]^2 / 2$
0	5	54.8	45.3
1-5	210	54.8	439.5
6-10	52	54.8	0.14
11-15	4	54.8	47.1
over 16	3	54.8	40
	274	274	572.04=chi-sq.

degrees of freedom=4, chi-sq. (Table)= 9.49

Calculation of chi-squares for research hypothesis #11.

Previous work experience	No. of Entrepreneurs (f)	(F)	$[(f) - (F)]^2 / 2$
Yes	172	136.5	9.2
No	101	136.5	9.2
	273	273	18.4=chi-sq.

degrees of freedom=1, chi-sq.(Table)= 3.84

Similar product sold	No. of Entrepreneurs (f)	(F)	$[(f) - (F)]^2 / 2$
Yes	112	95	3.0
No	78	95	3.0
	190	190	6=chi-sq.

degrees of freedom=1, Chi-sq. (Table)= 3.84

Calculation of chi-square for research hypothesis #12.

Reason for establishing business	No. of Entrepreneurs (f)	(F)	$[(f) - (F)]^2 / 2$
Dissatisfaction with previous job	22	30.8	2.5
Unemployment / redundancy	18	30.8	5.3
Greater monetary rewards	51	30.8	13.2
Independence and flexibility	127	30.8	300.5
Product / service idea	15	30.8	8.1
Attractive franchising opportunities	4	30.8	23.3
Identified market opportunities	21	30.8	3.1
Inherited family business	4	30.8	23.3
Others	15	30.8	16.6
	277	277	395.9=chi-sq.

degrees of freedom=8, chi-sq. (Table)= 15.5

Calculation of chi-square for research hypothesis #13.

Sources of start-up finance	No. of firms (f)	(F)	$[(f) - (F)]^2 / 2$
Personal savings	111	28.57	237.8
Private investtors	6	28.57	17.8
Bank or trust company loans	54	28.57	22.6
Venture capital	2	28.57	24.7
Public stocks	2	28.57	24.7
Family / friends loans	14	28.57	7.4
Others	11	28.57	10.8
	200	200	345.8=chi-sq.

degrees of freedom=6, chi-sq. (Table)= 12.59

Calculation of chi-square for research hypothesis #14.

Counsel and advice	No. of firms (f)	 (F)	$[(f) - (F)]^2 / 2$
At start-up	60	59	0.017
After start-up	58	59	0.017
	118	118	0.034=chi-sq.

degrees of freedom=1, chi-sq. (Table)=3.84

Calculation of chi-square for research hypothesis #15.

Agent preferred	No. of firms (f)	 (F)	$[(f) - (F)]^2 / 2$
Business persons	116	31.3	229.2
Private consultants	35	31.3	0.44
University professors with business experience	5	31.3	22.0
Community college instructor with business experience	21	31.3	3.39
Government agencies	9	31.3	15.9
Others	2	31.3	27.4
	188	188	289.33

degrees of freedom=5, chi-sq. (Table)= 11.07